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SOCIAL EFFECTS OF TRANSPORTATION

By HONORABLE MARTIN A. KNAPP

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The progress of mankind in devising means of transportation embraces three distinctive stages. The primitive man traveled on foot and moved his scanty belongings with his own muscle; and we can only imagine the ages that elapsed before he secured any aid for the transfer of his person or his property other than his own bodily powers.

Probably the first contrivance for carriage was a rough-hewn plank or pole dragged upon the ground. Two connected planks doubtless formed the original sled. Finally the idea was conceived—some accident suggesting it—of lessening friction by the use of rollers. The rollers gradually developed into wheels, and when at last the wheels were made in pairs which revolved upon an axle the essential feature of all subsequent vehicles was devised and employed.

The earliest movement on water, we may suppose, was equally crude and simple. Some observant savage noticed that wood did not sink, and later found out by experiment that a floating log would remain on the surface even when his own weight was added. The rude dug-out followed the discovery. The stick or limb by which the dug-out was pushed and turned shaped itself at length into the lighter and more effective paddle; the hollowed log was succeeded by a framed and covered structure, the paddles became oars; and thus was evolved in prehistoric times the type of all later boats on lake and stream. It was centuries after this—no one knows how many—before the force of wind was utilized by the invention of sails, and when that immense advance was achieved the enduring era of ship-building commenced.

Roughly speaking, then, we may assign to the first stage in the development of transport such results as were obtained by the muscular strength of man, whether applied directly to the articles carried or used in propelling the clumsy vehicles and water craft which he had constructed. The motive power in all cases

was the unaided energy of his own body. And no later addition to the resources then at his command, it should be observed, has wholly displaced the original method. The natural powers of locomotion have not only remained unabated, but have greatly increased by experience and training. Indeed, the manual handling of articles of property must always be an important incident of ownership and exchange, since no mechanical device can meet all the needs of transfer or equal the delicacy and dexterity of our bodily organs. Nor should we overlook in this connection the many-sided ingenuity which has been displayed in constructing and perfecting a great variety of vehicles for hand propulsion. The latest examples of this ingenuity are the light racing shells which can be rowed with such remarkable rapidity, and that unique and fascinating machine, the up-to-date bicycle. These are at once the survival and the consummation of primitive transportation, that is to say, transportation where human energy is the motive power.

To the second stage of this development belongs the great increase of force which was obtained by the subjugation of animals and their employment for land transportation, and by the use of sails and rudders which multiplied many times the efficiency of water carriage. When these two results were secured, man had added to his own bodily powers the superior strength of beasts of burden and the enormous energy derived from the winds of heaven. This was an immeasurable gain and marked the beginning of that wonderful civilization which slowly followed. The animal kingdom was brought into service for the varied functions of land distribution, and the ship which could be sailed and guided made every waterway subservient to man's requirements.

This hasty and imperfect outline brings us to a fact of history which seems to me not merely significant but profoundly impressive. With the subjection of animals and the use of wind-propelled vessels, both of which achievements reached a high degree of perfection in the unknown past, the means of transportation, broadly speaking, remained unchanged and unaugmented until a period not much prior to the present time. It is a long stretch of years from the savage cave-dweller to the twentieth-century man, and this wonderful world of ours had quite a career before the present generation was born. Long before other agencies of conveyance were dreamed of, while ox and horse, oar and sail, were the only

means of transport, the race had occupied most of the habitable globe and advanced to lofty heights of national greatness. Strong governments were established, vast populations engaged in varied pursuits, and opulent cities crowded with every luxury. The institutions of society had acquired strength and permanence, the arts of leisure and refinement had approached the limits of perfection, and inductive science had laid firm grasp on the secrets of nature. Great inventions and discoveries had widened the fields of activity, furnished the means and incentive for multiplied vocations and opened up in every direction alluring vistas of advancement. In a word, there was the developed and splendid civilization of little more than threescore years ago, before any new or different motive power was utilized for commercial intercourse.

And the weighty fact is that this immense and complex organism, with all its accumulations of wealth and wisdom, its diversified employments, its agriculture, manufactures, business affairs, financial systems, commercial and political relations, civil and social order—its very life and potency—was not only fitted to but dependent upon means of transportation which, as respects their expense, speed and capacity, had not essentially altered since the earliest tribes began to barter! Enormous growth of enterprise and enlightenment, amazing progress in every other sphere of human effort, with *motive power*, which lies at the foundation of every activity, remaining from first to last a constant quantity! Before the earliest recorded transaction—when Abraham purchased the field of Ephron and paid for it his “400 shekels of silver current with the merchant”—the horse and the ox were the established agencies of land distribution; and what better agencies, bear in mind, became available at any time thereafter until well along in the nineteenth century? Yet the ox was as strong and the horse as fleet, and their powers were as effectively employed, in the days of the Pharaohs as they are at the present time. Indeed, no history is so ancient as not to disclose the general use of animals for the purposes of carriage, while the vehicles to which they were harnessed had then been developed, in point of convenience and usefulness, to a degree not much exceeded in any subsequent period. Though differing considerably in appearance from the wagons with which we are familiar, yet they were constructed upon the same principles and performed the same functions as those now employed.

Similar progress was made in ship-building and seamanship as far back as history affords proof or tradition. There were oar and sail, tides and currents, and the inconstant winds, long before the ships of the Phœnicians brought back from the East the gold of Ophir; and what more was there than oar and sail, winds and currents—for all the purposes of navigation—until, almost within the memory of men yet living, the little steamboat of Robert Fulton ascended the Hudson River! In this long span of time, it is true, bridges were built, highways improved, vehicles finer fashioned, sailing craft increased in size, and the mariner's compass led to longer voyages; but, nevertheless, the forces by which movement is effected, the actual means of distribution on land and sea, continued without substantial change in character or efficiency age after age and century after century until the recent, the very recent, era of steam locomotion.

To my mind it is a matter of fascinating import that the long procession of the world's advancement down to the century just ended was conditioned by and dependent upon agencies of transportation which were themselves essentially unprogressive and incapable of important betterment. True, there were minor modifications from time to time in the line of mechanical adjustment, but the general methods employed, and the results obtained, showed no marked improvement or material alteration from those applied in the earliest days of commerce. Reduced to the forms in ordinary use there were at the last as at the first the beast of burden on land and the oar and sail on water. Yet thus hampered and restricted in the means of transportation, which is the basis of all commercial activity, there was built up in the long process of years the varied and advanced civilization which the last century inherited.

Then all at once, as it were, into and through this social and industrial structure, so highly organized, so complex in character, so vast in its ramifications, yet so adjusted and adapted to the fixed limitations of animal power, was thrust the new mode of conveyance by mechanical force, and the third stage of transportation was suddenly ushered in by the employment of steam as its principal motive power. The advent of this new and marvelous agency was the greatest and most transforming event in the history of mankind. It wrought an immediate and radical change in the elemental need of society, the means of distribution. The primary

function was altered both in essence and relations. The conditions of commercial intercourse were abruptly and completely altered, and a veritable new world of energy and opportunity invited the conquest of the race.

As time goes, this revolution has been phenomenally rapid. But yesterday, as it seems, and the first iron track had not been laid, and even the idea of steam as an available motive power had hardly been conceived; yet already, within the limits of an ordinary lifetime, long lines of railway—which sprung into being as if born of enchantment—have stretched out in every direction from one end of the land to the other. They have bridged the rivers, penetrated the wilderness, climbed over mountains and traversed the deserts with their highways of steel. There is scarce a hamlet so remote as not to hear the shrill whistle of the locomotive, and the clang of its warning bell is everywhere a familiar sound. In the passing of a generation the railroad and the steamship have transformed the whole realm of commerce, of industry and of social life. They have enriched every occupation, given multiplied value to every pursuit, added incalculably to the means of human enjoyment, and made our vast wealth possible; they are at once the greatest achievement and the greatest necessity of modern civilization.

It is little more than sixty years since the first steam road was constructed, yet at this time, within the limits of the United States alone, nearly 200,000 miles of railway are in active operation; and of this immense mileage—enough to put eight girdles around the globe—fifty per cent has been built in the last two decades and more than eighty per cent since the close of our civil war, only thirty-seven years ago. Elsewhere similar activity has prevailed during the same period, until animal power the world over has been almost wholly displaced for the purposes of transportation. Not only has the railroad become the chief agency by which inland commerce is carried on, but its influence upon all pursuits is so powerful, and its relation to every phase of activity so intimate and vital, that its effects upon social welfare and industrial progress present an inquiry of the gravest moment.

No other triumph over the forces of nature compares with this in its influence upon human environment. It has directly and powerfully affected the direction and volume of commercial currents, the location and movements of population, the occupations and pursuits in which the masses of men are engaged, the

division of labor, the conditions under which wealth is accumulated, the social and industrial habits of the world, all the surroundings and characteristics of the associated life of to-day. The world has seen no change so sudden and so amazing.

The next fact to be noted is hardly less remarkable. Not only are the new methods of transportation incomparably superior in speed, cheapness and capacity, but, unlike those which have been superseded, these new methods are themselves capable of indefinite increase and expansion. The maximum efficiency of an animal is so well known as to amount to a constant quantity, and this unit of power is practically unchangeable. Substantially the same thing is true of a vessel of given dimensions and given spread of canvas. For this reason distribution remained, as I have said, the one fixed and inflexible element to which other activities, however elastic and progressive, were necessarily adjusted and by which they were limited.

Now, a special and most suggestive feature of transportation by steam, electricity or other kinds of mechanical force is that its capacity is not only unmeasured and unknown, but will doubtless prove to be virtually inexhaustible. That is to say, no certain limits can be assigned to the operation or effect of these new agencies as compared with those which have been supplanted. Therefore, speed may reach many times the rate now attained, the size of vehicles may be greatly increased and the cost of carriage for the longest distances reduced to an astonishing minimum; so that, as progress goes on in developing the means and methods of distribution, the habits and needs of men will be more and more modified, with consequences to social order and the general conditions of life which may be far greater than have yet been imagined.

Among the results already realized, which directly forecast what will further happen, some of the more obvious may be briefly mentioned. For well understood reasons the speed and capacity of water craft are much superior to those of vehicles drawn by animals, while the cheapness of the former gives them a great advantage over the latter. While the old conditions prevailed, the waterways were mainly relied upon for the conveyance of bulky products. Commercial movements on land were, of course, considerable, but the transfer of heavy goods, such as enter most largely into ordinary consumption, was principally effected by sailing vessels. Therefore, the fertile lands along the river-banks

and the indented shores of the sea were the first to be occupied for agricultural pursuits, the exchange of produce for merchandise being accomplished by water carriage. The great cities founded prior to our time were for the most part located upon or near navigable streams while the masses of population outside the towns dwelt within easy reach of these natural channels.

But the building of railroads has often deflected and sometimes wholly altered the routes of distribution. In our own country, for example, notwithstanding it is penetrated by numerous rivers which flow, generally speaking, from north to south, the great volume of traffic is carried by railways running east and west across valleys and mountains. Even where the rail lines are parallel with river courses they absorb the greater share of freight and passenger movement. In short, the routes of land transportation in all the principal countries of the world have been largely recast in the last fifty years by the changes from river to rail conveyance.

The next most noticeable effect, as it seems to me, is the prodigious increase of commerce under the stimulus of modern agencies. It is estimated by Mulhall that as late as 1820 the carrying capacity of all the sailing vessels of the world—and there were then no others—did not much exceed 3,000,000 tons; yet this is less than one-sixteenth of the tonnage actually moved last year by the railroads of our New England states. This astonishing growth in the quantity of transported articles, and in so short a time, is sufficient to produce, as it certainly has produced, the most important and significant results; since the fact itself indicates a current volume of transport business compared with which the commerce of our grandfathers seems like the idle play of children. Because of this wonderful speed and cheapness of distribution, the average prices of food, fuel, clothing, building material and other necessary supplies have been greatly reduced, independent of the standard by which prices are measured. And this cheapening of most commodities has in turn brought a marked alteration, within a very brief period, in the style of living, dress, home-furnishings and the like, which makes the present conditions of life far more desirable and attractive than ever was known before.

The effect of this cheap conveyance is also seen in the commonness of pleasure travel, the extent of immigration, the spread

of population over new territories, and in all the employments and surroundings of the people everywhere. The railway is not only the chief means of developing uninhabited or thinly settled regions, but the same line may operate in both sparsely and thickly populated districts, since an indefinite number of trains can be moved on the same track. For instance, the 200,000 miles of railroads of the United States serve some 75,000,000 persons, distributed through an area, excluding Alaska, of more than 3,000,000 square miles; while in Great Britain about 22,000 miles of railway serve at least 45,000,000 persons, located within a mainland area of less than 117,000 square miles. Thus, in Great Britain as compared with the United States, one-ninth as much railway mileage reaches more than half as many persons, because of the density of a population confined within a territory not larger than one-twenty-fifth of the land surface of the United States.

Again, the railway at once causes the concentration of people in cities and at the same time is the prime factor in the creation of cities. It is impossible that such inland towns as Atlanta and Denver, for example, could have acquired their present importance without the facilities for carriage and intercourse which railroads provide. In 1870 nearly forty-seven per cent of all our people employed in gainful occupations were engaged in farming; while only twenty years later barely thirty-six per cent were following that pursuit. And what is still more suggestive, the recent census shows that more than one-third of our entire population live in towns of 5,000 inhabitants and upwards, as against less than seven per cent in 1830. That so great a change has taken place in so short a time in the geographic distribution of our people can only be explained by the potent force of steam transportation, while the fact itself has a social significance which can hardly be overstated.

In the region west of the Alleghanies the railroad has been the pioneer in opening up unoccupied lands for settlement, while the lines upon which railroads were there built and the points they reached determined the location and growth of numerous towns and cities in that great section of country. On the other hemisphere, as is well known, a wonderful railway is now pushing to completion across the vast stretches of Siberia, a territory larger than the United States and Europe combined, connecting the capital of Russia with the Pacific Ocean. The consummation of

that project cannot but have immense effect upon the commerce, industries, social welfare and military power of a large portion of the world's inhabitants.

In connection with this should be observed the rapid increase in stationary steam power which has been coincident with and primarily caused by steam locomotion. Taken together they make up the colossal forces now exerted in the fields of commerce and industry, in comparison with which all the power of all the beasts of burden is hardly worth the mention. And this in turn reminds us of the mutual action of production, shipping and land transportation in producing the stupendous results we everywhere observe. It is impossible that these gigantic agencies should come into such active operation without the most vital consequences to every phase of human life.

Take into account, also, the new and wonderful means of transmitting intelligence. The obstacles of time and distance, hitherto so formidable, are swept away by telegraph and telephone. We send our thought and speech with lightning swiftness to the four quarters of the globe, and hold all lands and peoples within the sphere of instant intercourse. So recent is this miracle that we are still dazzled by its marvels and fail to realize how powerfully it aids the unification of world-wide interests.

That this substitution of steam and electricity as the instruments of commerce has been an immeasurable gain is witnessed here and everywhere by half a century of unparalleled progress. Along these modern pathways the world has literally leaped. No longer tied to beasts of burden, the entire realm of industry has been quickened and enlarged; productive energy has been invigorated by new and limitless means of distribution; the products of the whole earth are embraced in wide circles of exchange; all the luxuries of all lands are brought to every household; wealth has multiplied until we are almost surfeited with its abundance; the genius of invention has been stimulated to larger exercise, the sphere of thought grandly extended, the impulses of charity awakened to nobler activity, while keener sympathy through closer contact is leading the race to real brotherhood.

But these manifold benefits have not been secured without many and serious dangers. The potent energy which produced such marvels of utility and convenience has generated an array of forces which test with severe strain the structure of organized

society. So radical a change in the methods of distribution, and consequently of production, was sure to be attended with peril as well as beneficence, and to entail a series of results, immense and far-reaching. Passing by the acute abuses which are incident to the process of development, for they are transitory and must gradually disappear, we may well consider the more profound and permanent effects, what I venture to call the economic effects, of present and future methods of transportation upon the whole range of industrial activity. This brings into view again the impressive fact I mentioned at the outset, and suggests some graver consequences than those that appear on the surface and appeal to ordinary observation.

When transportation was measured by the strength and endurance of animals, only a limited area could be reached from a given centre. Its slowness and expense confined all inland distribution within narrow bounds. Only eighty years ago it cost \$125 to move a ton of freight from Philadelphia to Pittsburg, and the average price for carrying the necessities of life was not less than twenty cents a ton for every mile of haul. On such a basis most commodities were shut off from distant markets, and farm products would seldom permit of conveyance more than 100 or 150 miles. Only such articles as were of small bulk and weight compared with their value were moved to any considerable distance from the place of production. For this reason the requirements of an ordinary family were almost wholly supplied from nearby sources. And this means—without amplifying the statement—that productive energy, for the most part, was restricted by the consuming capacity of the surrounding neighborhood. The forces outside each separate circle were but feebly felt and had little influence upon its daily affairs. Broadly speaking, the activities of each locality were adjusted to its own conditions and were practically undisturbed by like operations in other places. What we call competition was held in check by slow and costly means of conveyance; its effects were moderate and limited, its friction seldom severe.

But the use of steam for motive power and electricity for communication increased enormously the range of accessible markets, and at once intensified competition by the celerity and cheapness of distribution. Industrial strife has already become world-wide in extent, and distance an ineffectual barrier against its destructive

assaults. For the commercial factor of distance is not at all a matter of miles, it is merely a question of time and money. The fact that the cost of moving a hundred pounds of goods a single mile by wagon transports a ton of the same goods by rail more than three times further is some indication of the effect of cheap and rapid conveyance in bringing remote places closer together. Our grandparents got their supplies mainly in the localities where they resided and only a few persons were concerned in their production. To-day it may safely be said that five millions of people and five hundred millions of capital are directly or indirectly employed in furnishing an ordinary dinner. When merchandise of every description is carried at great speed from one end of the land to the other, and at an average cost of less than three-quarters of a cent a ton a mile, as is now the case, the expense of transport is but a trifling impediment to the widest distribution.

Nor should we forget that it was the opening up of new and ever enlarging markets, by the cheapness of steam transportation, which gave the first opportunity for the extensive use of machinery; and this in turn quadrupled the capacity of labor and greatly reduced the cost of large-scale production. By this revolution in the methods of manufacture—caused by the railroad and steamship—the mechanic was supplanted by the operative, and the skilled and independent craftsman of former days found his occupation gone. For what chance now have hand-made articles when the factory-made product is carried across the continent at nominal cost? But the factory without the railroad would be only a toy-shop. If its wares had to be hauled over country roads by mules and horses, the points they could reach would be few and nearby, and thus contracted sales would limit the size of the plant and the volume of its business. It is simply because transportation is now so speedy, so cheap and so abundant that great establishments have become profitable and driven their smaller rivals from the field.

These facts—which might be multiplied without limit—bear directly, as I think, and with a force not fully perceived, upon the whole problem of industrial competition. For, as the means by which industrial products are distributed become more convenient, quicker in action and less expensive, the area of distribution rapidly enlarges, and as the area of distribution enlarges the competition of industrial forces increases in something like geometrical

ratio. The movement of property by rail in the United States alone already exceeds three millions of tons every twenty-four hours. Think of the rivalry of products, the strife of labor, the strain and struggle of trade, which such a movement implies. With the constant acceleration of that movement, which is certain to happen, how long can the friction be endured? How soon will it become unbearable?

When Adam Smith wrote "The Wealth of Nations," it took two weeks to haul a wagon-load of goods from London to Edinburgh, and such a thing as a business or industrial corporation was virtually unknown. To-day the great enterprises of the world are in the hands of corporations, and the time is fast approaching when they will absorb all important undertakings. Why? Simply because the railroad and the steamship—cheap and rapid transportation, all the while growing cheaper and quicker—ever widening the area of profitable distribution, furnish the opportunity, otherwise lacking, for the employment of larger and still larger capital. This opportunity permits and encourages the concentration of financial resources; so that, within limits not yet ascertained, the larger the business the greater its possibilities of gain. But the legitimate, the inevitable offspring of corporations is monopoly. Why? Simply because the operation of these massive forces—impinging and grinding upon each other in every market—begets an extremity of mutual danger which always invites and often compels a common agreement as to prices and production; that is, a trust. Just as the implements of warfare may become so devastating in their effects that nations will be forced to live in amity, so the destructiveness and exhaustion of commercial strife in these larger spheres of action may make combination a necessity.

Thus the potent agencies by which distribution is more and more rapidly and cheaply effected, which so unite and intensify the forces of production, are fast altering the conditions and changing the character of industrial development. And the end is not yet; it outruns imagination. What will be the ultimate effect of these methods of conveyance when brought to higher perfection and employed with still greater efficiency? When these agencies of commerce are increased in number and capacity, as they will be; when cost is still further and greatly reduced, as it will be; when speed is doubled, as it will be, and quadrupled, as it may be; when the whole United States shall have reached the density of popu-

lation now existing in Great Britain, how can industrial competition possibly survive?

So, in the measureless and transforming effects of modern transportation, and the ends to which it resistlessly tends, I find the primary cause of the economic revolution upon which we have entered. The incoming of these new and unfettered forces not only changed the basic function of society, but disturbed its industrial order. In the effort to restore a working equilibrium the gravest difficulties are encountered, and we do not clearly see how they are to be overcome. Already we are compelled to doubt the infallibility of many inherited precepts and to reopen many controversies which our grandsires regarded as finally settled. The ponderous engine that moves twice-a-thousand tons across an empire of states, the ocean steamer that carries the population of a village on its decks and the products of a township in its hold, are indeed splendid evidences of constructive skill, but more than this they are economic problems as well which challenge and dismay the present generation. They force us to discredit the venerable maxim that "competition is the life of trade," and warn us, I think, that the political economy of the future must be built on a nobler hypothesis. If it be true in the long run, as I believe experience teaches, that where combination is possible competition is impossible, is it not equally true that combination becomes possible just in proportion as transportation becomes ampler, speedier and cheaper? So the opportunity, if not the necessity, for combination has already come in many lines of activity and will certainly come in many more. The circumstance that permits competition, its *sine qua non*, is mainly difference of conditions. Practically speaking, this difference is chiefly found in the means of distribution. As that difference disappears, with the constantly diminishing time and cost of transport, the ability to combine will enlarge and the inducement to do so become overwhelming. That seems to me the obvious tendency of our industrial and social forces to-day, and that tendency, I predict, will be more and more marked as time goes on.

In the unrest and discontent around us, deep-seated and alarming here and there, I read the desperate attempt to avoid the effects of industrial competition and a tremendous protest against its savage reprisals. Every trust and combination, whether organized by capitalists or by artisans, is a repudiation of its teachings and a denial of its pretensions. The competitive theory may

have answered the age of mules and sail-boats and spinning-wheels, but it fails to satisfy the interlacing needs or to sustain the interdependent activities which are founded on modern methods of intercourse and distribution; it is a theory unsuited to the era of railways and wireless telegraphy, this era of ours, so restless in thought, so resistless in action.

This, then, as I conceive, is the underlying question. Shall we continue to enforce with precept and penalty the rule of competition, whose cruel creed is "every man for himself," or shall the effort and industry of the world be hereafter conducted on a more humane and fraternal principle? That is to say, is society—stripped of its polish and altruistic pretences—is society after all only a mass of struggling brutes fighting for the best places and the biggest bones, and is government simply an armed referee standing by to see that every dog has fair play? In short, is personal selfishness the ultimate force and individual greed the bottom fact? For myself, I disbelieve the doctrine. I am not terrified by the cry of paternalism nor dismayed by unreasoning clamor at the dangers of monopoly. The trusts and the unions are here, in money, in labor, in production and in distribution—they came with the railroad and the steamship—and they have come to stay.

When population was scattered and sparse, when movement was difficult and costly, when communities were isolated by distance and by dissimilarity, and bonds of relationship were feeble and few, the attrition of rivalry was complacently endured. But now, when seas are spanned with steamships and netted with electric wires; when city and forest, farm and factory, mine and counting-room are joined together by innumerable pathways of steel, and the swift locomotive, rushing across continents—like the shuttle through the loom—weaves this majestic fabric of commerce which covers the globe; when life is no longer localized in effort or achievement, and the thought of one man is the instantaneous possession of all men, the friction of unbridled competition has become irksome and intolerable. It is folly to shut our eyes to unmistakable facts or to stand in the way of inevitable events. Doubters may deride, demagogues denounce, and ignorant law-makers strive to build up legal barriers; but neither agitation, nor protestation, nor legislation can stop the growth or prevent the advance of industrial federation.

I much mistake, therefore, if we are not entering upon a period

of great transitions, a period of difficulty and many dangers. The whole structure of industry and social life is liable to be subjected to a strain—possibly to a shock—for which experience furnishes no guiding precedent. We have settled the administrative questions; we can collect taxes, build court-houses and pay the policeman. We have settled the political questions; for the nation lives and will live, the greatest and grandest in all the earth. But the further test is now to come, the test of the ocean liner and the limited express. Can we settle the **economic** questions? Can we raise this wide realm of industry from selfishness to charity, from strife to friendship, from competition to co-operation, from the warring instincts of the savage state to the larger and nobler needs of associated life? This is the problem which steam and electricity present for solution.

Will there be a fourth stage and another revolution in the methods of transportation? That is to ask, I suppose, will the puzzle of aerial navigation find a practical solution? Whether it does, or whenever it does, of this we may be certain, that the varied products of labor and skill, the endless commodities that supply our ever-growing wants, will always seek their passage from producer to consumer along the routes of least resistance. Therefore, it may happen, in some bright and wonderful to-morrow, nearer to us perhaps than we imagine, that the stubborn land over which our ponderous vehicles are now dragged will be abandoned, even the liquid waterways discarded, and the vast commerce of the future be borne swiftly and noiselessly through the yielding air. If that marvelous day shall come, assuredly will it bring its harder questions and press us with its weightier demands.

II. Industrial Conciliation and Arbitration

Industrial Conciliation and Arbitration

By Honorable Marcus A. Hanna, United States Senator from Ohio

INDUSTRIAL CONCILIATION AND ARBITRATION

By HONORABLE MARCUS A. HANNA

United States Senator from Ohio

When I received the kind invitation of this society to come to this meeting, I confess I did not know what I was coming to. I like to talk upon practical things, and there is no subject to-day that is nearer my heart than is this question of the relation between capital and labor.

The subject assigned to me was "Arbitration," which I consider only introductory in entering upon the discussion of a subject as broad as the one under consideration this evening. The matter of arbitration might be considered under two heads. Arbitration in business circles, by business men, whom we may call employers or capitalists, if you please, is one phase of it, but arbitration to settle differences between employers and employees is an advanced stage of it. It is a progressive form of arbitration.

To have success in conciliation, or arbitration, there must be thorough and effective organization on both sides. The large aggregations of capital, feared at first by labor, may prove to be labor's best friend, in that, control of a trade being thus centralized, there is opportunity to establish friendly relations which shall make uniform conditions throughout the country, or large sections thereof, and reduce the basis of competition to the quality of the product rather than to the concessions forced from labor.

The growth of sentiment for arbitration and conciliation has been reflected in the legislation of the various states. While foreign countries made the earlier attempts by legislation to promote the formation of local boards of arbitration, some of the states of the Union were first to establish permanent central bodies with authority to mediate in labor disputes and to arbitrate matters referred to them. Sixteen states have established such central boards, beginning with Massachusetts and New York in 1866 and following, in succeeding years, with California, Colorado, Idaho, Illinois, Louisiana, Montana, Minnesota, Ohio, Utah, Wisconsin, New Jersey, Michigan, Connecticut and Indiana. These

central boards usually consist of three members, an employer, an employee and a neutral.

Massachusetts, New York, Ohio, Indiana, Illinois and Wisconsin seem to be the only states within which tangible results have been accomplished, doubtless due to the highly developed industries prevailing and the frequency of labor disputes therein. In this as in all other matters of enforcement of public laws, successful results depend upon the strong impelling influence of an enlightened public sentiment.

The United States Government has established a method for arbitration and mediation in strikes and lockouts upon interstate transportation lines, by virtue of its constitutional authority over interstate commerce. The act of 1888 provided for a voluntary board, but had no provision for enforcement of awards, and seems to have fallen into disuse. In 1898 a new act was passed under the terms of which either party to a dispute upon any interstate transportation line might request the intervention of the chairman of the Interstate Commerce Commission, and the United States Commissioner of Labor. These officers have no specific authority to intervene on their own motion, but apparently have the right to attempt conciliation even in the absence of an application from either party. There has been no case of arbitration under the act, so its effect in application is yet to be demonstrated.

The compulsory law of New Zealand has found no favor in this country. The hearings before the recent Industrial Commission show that the representatives of both employers and workmen gave testimony against compulsory arbitration. The employers object because, they claim, it would be one-sided owing to the lack of responsibility on the part of the workingmen, while the workingmen object because, they claim, it would be manipulated to suit the employers, and, if enforcement carried imprisonment, it would provide for a species of slavery intolerable in a free country. Many state boards, however, while not advocating as a whole compulsory arbitration, urge further legislation which shall prevent public inconvenience and loss resulting from strikes and lockouts involving public service corporations and means of transit.

This condensed summary of the general features of the question brings us logically to a consideration of the method or methods best suited to our time and country. Since the great majority interested on both sides, employer and employed, reject any system

of arbitration which includes compulsion in its composition, experiments must be along the line of mutual concession and tactful persuasion. Such results may be hoped for, and, perhaps, confidently expected in the system of mediation and conciliation promulgated by the Industrial Department of the National Civic Federation.

That brings me up to date. I do not propose to treat this question from an academic standpoint, but to give an expression of my own experience, having been a large employer of labor for more than thirty years, and having studied that question from the standpoint of mutual interest. My attention was strongly directed to this subject as far back as 1874, at the end of one of the most severe and destructive strikes that ever occurred in Northern Ohio, in the coal mines, long and protracted, bitter and destructive. When it was over both sides had suffered, and it occurred to me that there ought to be some other way to settle these differences, and as a result of that we organized in Northern Ohio an organization of employers, the mine owners, and the men organized what was known then as the National Bituminous Coal Miners' Association, the first of that character ever organized in the United States. Their constitution and by-laws provided that no strikes should occur until every other effort in the right should fail, and the employers covenanted that they would give hearings and consideration to any committees sent to them by the union.

As a result, during the life of the organization on the part of the men, there never was a serious strike. All differences, which with small beginnings very often lead to disastrous strikes, were settled by the employer and employee coming together with a proper spirit, with a determination to do right. Upon that hypothesis I have been working ever since, and from that day to this I have never had a serious strike.

The Civic Federation is the outgrowth of the evolution to which your chairman has referred. This country has grown greatly. Our industries have multiplied, and the opportunities for labor equally with it. Great undertakings are claiming the attention of the people, and this question of labor and capital has approached a crisis. This Civic Federation has adopted a constitution and by-laws covering simply the methods of procedure, and has also adopted a principle, and that principle is the Golden Rule.

Now, Mr. Chairman, the great productive capacity of this country has forced upon us the aggregation of capital and the creation

of great material wealth seeking opportunity for investment. This rapidly increasing wealth must find investment, and to make the investment in industrials secure we must have industrial peace.

The Civic Federation is beginning to lay the foundation for such results, with the hope that it will appeal to the whole country and to all classes of the people. We are simply placing before the American people the opportunity to unite with us in the accomplishment of this purpose, as necessary to our social conditions as to our industrial conditions. Of course, it is not an easy task; the conditions in the United States differ from those in any other country in the world. This great cosmopolitan people, coming to our shores by thousands every year from every country and from every clime, this coming together of all classes and all kinds of people from the four quarters of the globe, produces a condition of things not found in any other country. It is not an easy matter to assimilate such a large number of foreign immigrants; they do not understand our language, they are not abreast with the education of a self-governing people; they do not understand our institutions. Therefore, it must necessarily be a work of education, and the Civic Federation is merely a nucleus to begin this educational work.

When I make the appeal to all persons and all classes in the United States to join with us, I believe that in their hands ultimately rests the future of that question. We may have arbitration and we may have meetings of our conciliatory committees, but unless we have the sympathy of the people, who in the end are the final arbiters on this question, we cannot hope to succeed.

The Civic Federation is only two years old, and the Industrial Bureau of the Civic Federation has been scarcely organized, but seven strikes have already been settled in three months. It has prevented the occurrence of two strikes which would have brought from the labor ranks more than two hundred and fifty thousand people, and that has been accomplished, my friends, by simply finding out to start with what the differences were, and who were right and who wrong. When men get together with the determination to treat each side of the question fairly, and when the public feels that the men connected with this enterprise are thoroughly acquainted with details, men of prominence in the country, well known and well understood, and are men giving their time for the love of the work and the good they may accomplish, the public realizes that it means something.

In adjusting the relations of labor and capital, appeal must be made to the sympathies of the people. Opportunities like this to-night must be embraced to inform intelligent audiences of the character of the work to be done and to give them an opportunity to contribute their mite and influence to help the cause along. I know no city in the United States where we can look for more aid and comfort than in this great industrial centre of Philadelphia. Indeed, it was because of this that I was induced to come here to-night and discuss this question of capital and labor before people who in every day of their lives can put into execution and effect the principles for which we are contending.

My experience has taught me, my friends, that the employer because of his position has the most to do, and it must be expected that the employers, at least in the beginning of this educational work, should go more than half way. They provide work, and are responsible for the conduct of business, and upon them rests the responsibility of seeing that the men receive their share of its benefits. We must rise to a higher level, where we can have a broader view of this question, where we can tear ourselves away from the prejudices which have heretofore stood between capital and labor.

I believe in organized labor, and I have for thirty years. I believe in it because it is a demonstrated fact that where the concerns and interests of labor are entrusted to able and honest leadership, it is much easier for those who represent the employers to come into close contact with the laborer, and, by dealing with fewer persons, to accomplish results quicker and better.

The trusts have come to stay. Organized labor and organized capital are but forward steps in the great industrial evolution that is taking place. We would just as soon think of going back to primitive methods of manufacturing as we would primitive methods of doing business, and it is our duty, those of us who represent the employers, from this time on to make up our minds that this question is one that must be heard.

You are well aware that there has been a tendency in this country, from the very nature of things, to what is called socialism. Everything that is American is primarily opposed to socialism. We talk about it and regret that these conditions exist, regret that there are extremists who are teaching the semi-ignorant classes labor theories, that proceed upon the principle that liberty is

license. This is a condition which must be met. It is the duty of every American citizen to assume his responsibilities in this educational work, and to assist any organization which can correct these theories and these ideas. There is no question concerning our body politic to-day that should command deeper or more serious thought. There is nothing in the organization of society in this country that can afford to permit the growth of socialistic ideas. They are un-American and unnatural to us as a people.

In the beginning of this work I received great encouragement from an address which Samuel Gompers made in Cooper Union Institute, in New York, about a year and a half ago, when he took the broad ground that in the interests of labor there was no room for the socialist or the anarchist, no room for men who undertook to disturb the principles of our society and government. When such words came from a man leading the largest labor organization in the world, a man of advanced thought and of honest intent, I knew that now is the time to strike, now is the time to proclaim to the American people that in the consideration of this question, which sooner or later must be forced upon us, we must consider what is for the best interests of society as well as for our material development.

If I can impress these principles upon the people of this country, either by word or action; if I can hold the attention of the American people away from all selfish and political interests long enough to have them study and investigate this great question, I shall feel that of all the efforts I have ever made to serve my country and society in any way, that has been the best.

The Limitations of Conciliation and Arbitration

By Samuel Gompers, President American Federation of Labor

THE LIMITATIONS OF CONCILIATION AND ARBITRATION

By SAMUEL GOMPERS

President American Federation of Labor

The subject under consideration involves the difference between the isolated bargain made by workmen acting as individuals and the joint or collective bargain made by an aggregation of workers. The individual bargain made by a workman with his employer is practically based upon the condition of the poorest situated among the applicants for the position, and the conditions of employment, accepted or imposed, are fixed by the immediate and dire necessities of the poorest conditioned worker who makes application for the job. The collective bargain is made upon the basis of about the average economic condition or situation of those who desire to fill the position.

The individual bargain is made at the entrance to the factory, the shop, the mill, or the mine; the collective bargain is made usually in the office of the employer.

When the period covered by the collective bargain has expired and the conditions under which labor has been carried on for a specific period become unsatisfactory to either or both, a conference is held and a new agreement endeavored to be reached under which industry and commerce may be continued. When there is failure to agree, a strike occurs.

The effort at best in the joint bargaining or in the strike is the effort to secure the best possible conditions for the wage earners. Much as we deplore strikes and endeavor to avoid them, they are the highest civilized expression of discontent of the workers in any part of the world. China has no strikes. The people of India have no strikes, but in the highest developed and most highly civilized countries strikes do occur. In China, when discontent

arises, we see it manifested in revolution against constituted authority, the venting of prejudice against the foreigner; the stiletto, the bludgeon, war brutality are the manifestations of the discontent of the poor and of the workers of those countries.

I am not here to defend strikes, nor to find an excuse for them, but that we may more clearly understand the subject to which we are giving attention, it may not be amiss to at least set ourselves right concerning strikes. Our forefathers, when establishing our government, wisely reserved to the popular branch of our federal government the right to control revenue and expenditure, a right which had been struggled for and secured by the House of Commons of Great Britain. The strike of labor is in another form the holding of the purse-strings of the nation, to protest against injustice and wrong being meted out to the laborers. It is the determination of the workers that in the last analysis, if there be no other means by which their rights may be accorded and their wrongs righted, they may say with Lincoln, "Thank God, we live in a country where the people may strike!" Nevertheless a strike ought to be avoided by every means within the power of every man, capitalist, laborer, or the neutral citizen, and he who would not give his best efforts and thought to prevent a strike is scarcely doing justice to his fellow-men, nor is he loyal to the institutions under which we live. But I re-assert that there are some things which are worse than strikes, and among them I include a degraded, a debased, or a demoralized manhood.

Labor insists upon and will never surrender the right to free locomotion, the right to move at will, the right to go from Philadelphia to Camden or California, or vice versa, at will. To achieve that right it has cost centuries of struggles and sacrifices and burdens. Laborers, moreover, will insist upon the right freely to change their employment, a right which they have secured through centuries of travail and sacrifices. That right three-fourths of the nation was up in arms a little more than forty years ago to achieve for the black man, and the white laborers of America will not surrender that prerogative. Laborers are aiming at freedom through organization and intelligence.

The Industrial Department of the National Civic Federation is erroneously thought by some to be an arbitration committee, whereas the first purpose is to endeavor to bring about a conference between employers and employees before any acute state

of feeling shall occur relative to their diverse interests. If a rupture occurs, the committee endeavors to bring about a conference so that arbitration may be resorted to if both parties to the controversy shall so request.

As a rule, men do not care to refer matters in which they are particularly and financially interested to what are usually termed disinterested parties. They prefer to meet with those whose interests may be opposite to theirs, and, each conceding something in a conciliatory spirit, endeavor to come to an adjustment and agreement.

Unorganized workmen have a notion that they are absolutely impotent, that the employers are omnipotent, almighty. This is typified in the thought or expression, "What can labor do against capital?" Likewise the employers of unorganized workmen usually regard themselves as "monarchs of all they survey," and brook no interference. If any workman has the temerity to question the justice or sense of fairness of the employer or the wages paid, he is dismissed and a strike frequently results.

No strikes are conducted more bitterly than strikes of previously unorganized workmen. As soon as such men become desperate enough to strike, they are transformed; they no longer believe the employer all-powerful, but attribute to themselves that function and faculty; the touching of shoulders brings a new-found power to their minds, of which they never dreamed before, and they look upon their employers against whom they went on strike as absolutely at their mercy.

The employers, in these cases, usually regard the matter of request to be heard upon the question of wages, hours or other conditions of employment, as dictation by their workmen; but whether the strike is won or lost, if the workmen but maintain their organization, the initial step has been taken for a joint bargain and a conciliatory policy in the future. Both parties have learned a severe but a profitable lesson, that neither party is impotent, and neither all-powerful. The organized labor movement in our day is an assertion of the principle that there is no hope that the workers can protect their interests or promote their welfare unless they organize; unless they advocate conciliation to adjust whatever controversies may arise between themselves and their employers and declare for arbitration with their employers upon any disputed points upon which they cannot agree. There are some who advo-

cate compulsory arbitration. I concur with Senator Hanna, who does not believe in compulsory arbitration. Indeed, voluntary arbitration cannot be successfully carried out unless both parties are equally strong and powerful or nearly so. This is true between nations as well as between individuals. Russia never arbitrated the question of the nationality of Poland. England did not arbitrate the question with Afghanistan, but simply bombarded her. England in her dispute with Venezuela proposed to bombard her, and only when the United States said, "Hold on, this is of very serious consequence to us," did England consent to arbitrate. There has never yet been in the history of the world successful arbitration between those who were powerful and those who were absolutely at their mercy. There has never yet been arbitration between the man who lay prone upon his back and the man who had a heel upon his throat and a sabre at his breast. Arbitration is possible, but only when capital and labor are well organized. Labor is beginning to organize, and when labor shall be better organized than it is to-day we shall have fewer disputes than we have now.

Of the agreements made between employers and employed, two-thirds, if not more, of the violations, of the failures to abide by the awards of arbitrators, are on the part of the employers. But if it were not so, if the awards were broken by either one or the other side or by both sides in equal proportion, it would be better, it would make for human progress and economic advantage, to have an award violated than to have the award forced by government upon either one side or the other. The employer if he chose could close his business, and that would mean his enforced idleness. On the other hand, if the state entered and forced workmen to accept an award and to work under conditions which were onerous to him or to them, you can imagine the result. Men work with a will when they work of their own volition, then they work to the greatest advantage of all. On the other hand, if men were compelled to work by order of the state, with the representatives of the state entering with whip in hand or a commitment to the jail, it would create a nation of sullen, unwilling and resentful workers; a condition that we do not wish to encourage; a condition which would be most hurtful to our industrial and commercial greatness and success. It is strange how some men desire law to govern all other men in all their actions and doings in life. The organized labor movement

endeavors to give opportunities to the workers so that their habits and customs shall change by reason of new and better conditions.

We have our combinations of capital, our organizations and federations of labor. These are now working on parallel lines and have evolved the National Civic Federation. Through the efforts of men noted for their ability, for their straightforwardness, noted for the interest they take in public affairs, an effort is being made to bring about the greatest possible success industrially and commercially for our country with the least possible friction.

One of the greatest causes of the disturbance of industry, the severance of friendly relations between employer and employees, is the fact that the employers assume to themselves the absolute right to dictate and direct the terms under which workers shall toil, the wages, hours and other conditions of employment, without permitting the voice of the workmen to be raised in their own behalf. The workers insist upon the right of being heard; not heard alone at mass-meeting, but heard by counsel, heard by their committees, heard through their business agent, or heard, if you please, through the much-abused walking delegate. They insist upon the right to be heard by counsel; the Constitution of our country declares that the people of our country may be heard through counsel. It is a saying in law, and I repeat it, though not a lawyer, that he who is his own lawyer has a fool for a client. The organized workmen have long realized this truism and have preferred to be heard by counsel, and we say that the political and civil right guaranteed to us by the constitutions of our country and our states ought to be extended; the principle of it ought to be extended to protect and advance our industrial rights.

One of the representatives of the Illinois Board of Arbitration recently said to me that there were so many cases of employers who refused to recognize the committees of the organizations of their employees that the Board was in doubt whether it ought to name each individual employer or simply group such employers together and give their number in round figures. No man in this world is absolutely right and no man absolutely wrong. If this be so, men ought, as organized labor has for half a century demanded, and as the National Civic Federation has emphasized, to meet in conference and be helpful in allowing common-sense and fair dealing and justice and equity and the needs of the people to determine what shall be the conditions under which industry and commerce

shall continue to advance until we shall be in truth producers for the whole world.

The movement for which we stand tends to foster education, not only among the workmen, but among the educated; for of all those possessing crass ignorance and prejudice regarding industrial matters, the educated man who takes his cue regarding the labor question from those who are always opposed to the labor movement and who never takes the trouble to find out the laborer's side of the labor question, is in the most deplorable condition.

Results Accomplished by the Industrial Department, National Civic Federation

By Honorable Oscar S. Straus

RESULTS ACCOMPLISHED BY THE INDUSTRIAL DEPARTMENT, NATIONAL CIVIC FEDERATION

By HONORABLE OSCAR S. STRAUS

The contest between capital and labor is as old as the human race, and very likely will continue as long as there is employer and workman. Early in the history of our country, that rugged reformer, who stood for much of the liberty we enjoy to-day, Roger Williams, said: "What are all the wars and contentions about, except for larger bowls and dishes of porridge?" That is putting the question in a very graphic form. This struggle for the dishes of porridge is still going on, and unfortunately very often through clash and strikes the dish gets broken and neither side gets any of the porridge. We want to save the porridge; we want the dishes to be so large that labor will get its full share, we know that capital will take care of itself. In these industrial contests there are other interests at stake than labor and capital—the general public, greater in numbers than either of these. The Civic Federation believed that if it organized a machinery which contained within itself the representatives of both the laborers and the employers, and associated with these two the representatives of the general public, it would have the true basis for the solution of the labor question. You have heard from capital and labor. I am here as the representative of the general public.

The Industrial Department of the National Civic Federation is composed of twelve men representing the employers, twelve men representing labor, and twelve men representing the general public. At the head of these three groups of the Civic Federation stand Grover Cleveland, Senator Hanna, and Samuel Gompers. This is the only semi-public office ex-President Cleveland has accepted since he retired from the office of President of the United States. The purpose and the objects of the National Civic Federation appealed to his heart. His acceptance and co-operation have been to us a tower of strength and an inspiration for our difficult task.

The Civic Federation feels there is a possibility of inaugurating a great work, of promoting a better feeling and better relations

between the employers and the workmen, and thereby removing some of the chief obstacles militating against industrial peace. We have been criticised; peacemakers always are. I want to answer one or two criticisms that have been made in reference to our organization. One of the misconceptions is that the Civic Federation is a board of arbitration. Its purpose is to mediate, to conciliate, and only in very exceptional cases, when requested by both sides, to arbitrate between capital and labor. It has been said that the existence of such a body would stimulate laborers to threaten to strike or to strike or to make demands which otherwise they would not make, with the hope that the subject might be brought before this body, and that they might thereby gain concessions which otherwise they could not hope to secure. It might as well be said that preventives and curatives stimulate disease. It has also been stated that we promote the organization of labor, and that organized labor stimulates strikes. The Civic Federation's platform or statement of objects distinctly provided that its province would embrace *unorganized* as well as organized labor. The scope of the Federation is embodied in the By-Laws:

"The scope and province of this Department shall be to do what may seem best to promote industrial peace and prosperity; to be helpful in establishing rightful relations between employers and workers; by its good offices to endeavor to obviate and prevent strikes and lock-outs, to aid in renewing industrial relations where a rupture has occurred.

"That at all times representatives of employers and workers, organized or unorganized, should confer for the adjustment of differences or disputes before an acute stage is reached, and thus avoid or minimize the number of strikes or lock-outs.

"That mutual agreements as to conditions under which labor shall be performed should be encouraged, and that when agreements are made, the terms thereof should be faithfully adhered to, both in letter and spirit, by both parties.

"This Department, either as a whole or a sub-committee by it appointed, shall, when requested by both parties to a dispute, act as a forum to adjust and decide upon questions at issue between workers and their employers, provided, in its opinion, the subject is one of sufficient importance.

"This Department will not consider abstract industrial problems.

"This Department assumes no powers of arbitration unless such powers be conferred by both parties to a dispute."

The Civic Federation recognizes conditions and aims to improve them in the interest of the public welfare. Railroad accidents do not argue for the stage-coach, but that the railroad should be better constructed so that accidents may be more and more eliminated. Education upon this great question of labor and capital is not entirely confined to the labor side. We have found in our short experience that education is needed upon the other side as well, and if the Civic Federation succeeds in bringing out a more conciliatory spirit on both sides and thereby contributes to a better understanding of such principles as have been laid down to-night by Senator Hanna and Mr. Gompers, it will be doing a very great public service.

It will perhaps surprise some of you, I confess, that before I became more familiar with this subject, I was agreeably surprised, to hear, in the conferences recently held in the rooms of the National Civic Federation, one of the most important officers of organized labor, state, that he wished it to be understood, that organized labor does not approve of sympathetic strikes, and that organized labor has come to the conclusion that restrictions of output should not be permitted, as all such efforts were uneconomical.

The chances for industrial peace in this country are greater than they are in any other country. The fact that this conflict and antagonism have existed and now exist in the countries of Europe, is no reason why the same conditions should obtain in the United States, and the reason is very evident. In the first place, we are not divided in this country into permanently distinct classes. There is no fixed gap between the laboring and capitalistic classes. The most successful capitalists in this country to-day are men who have themselves risen from the ranks of labor, men who have been the architects of their own fortune. The large fortunes of to-day are to a great extent held by the men who achieved them, and for that reason there is a natural and closer contact between capitalists and laborers in this country than in any other. In America, as a rule, the great fortunes are not as yet in the hands of the second, third and fourth generations and are never likely to be to any considerable extent.

I will refer but briefly to the work the Industrial Department

of the National Civic Federation has performed since its organization in December last: The first contest that came up before it was the threatened clothing cutters' strike. This strike affected forty thousand hands in the clothing trade. It was announced in October before the organization of this committee, and was to go into effect on the first of January. On our committee we had the chief representatives both of the clothing cutters and of the manufacturers. A meeting was called of a section of the committee of the Civic Federation, and when the two chiefs of the rival interests came together, the trouble was satisfactorily adjusted in the course of ten minutes. The next matter that claimed our help was the Dayton Cash Register strike. It began nine months ago, or more, and consequently before our committee was formed. We were asked to mediate by the Cash Register people, and we are gratified to state that that great trouble after we had been called in was very speedily adjusted.

The third matter was the Union Iron Workers' strike in San Francisco. It began nine months ago, six months before our committee was organized. Our committee was called in and the adjustment was largely, if not entirely, due to our mediation.

A number of other questions have come before us; one was that of the paper manufacturers; a general strike had been decided upon and we brought the workmen and paper manufacturers together and they had a conference, and as a result postponed the question of their differences for further consideration.

Then there was the Boston Freight Handlers' trouble. The Civic Federation came into that upon the invitation of the Mayor of Boston and the Massachusetts Board of Arbitration; and without arrogating to ourselves too much credit, I think both of those bodies concede that we were of material help in adjusting those difficulties.

The anthracite coal controversy has been before us. You know that the springtime always produces a great many labor troubles. They are called the spring crop of strikes. I do not know whether we can uproot all the seed; in fact, I know we cannot. I think there has been rather less of it thus far this spring than usual. Still the entire spring has not gone by, and we cannot yet tell what may happen. At any rate, we have brought together the leading coal operators and the leading representatives of the coal miners; brought them face to face, and that is a thing that had

not been done before. They discussed their various grievances, and the whole matter has been adjourned for a month in order that each side may consider and deliberate.¹

There are other important matters before us. We are happy to say up to the present time, which we think is rather remarkable, we have as yet had no failure to report.² I am proud to say this because I am afraid in another year, should you have Senator Hanna and Mr. Gompers before you, they may not be able to bear witness to so good a report. I will say, however, that at the conference in December, where there were present the representatives of two million organized laborers and of the leading employers of the country, we were impressed with the desire of these men to endeavor to find a common ground upon which they might arrive at a better understanding. The representatives of labor in their treatment of the subject were highminded and liberal in their views; I think I am voicing the sentiments of everyone of my colleagues in the Civic Federation when I say that such men as Gompers, Mitchell, Sargent and Duncan have given every evidence of being conservative, patriotic and considerate of the public welfare.

In conclusion, permit me to say that the powers of the Civic Federation are entirely voluntary, and that its effective force is public opinion. We can advise, endeavor to conciliate, remove misunderstandings, and invite both sides of the controversy to come together and confer. We cannot compel, except by the force of reason and public opinion. We may invite to arbitration; we may upon request of both sides arbitrate. Arbitration is a powerful weapon, and experience has shown that the side in the wrong is the first to object, upon the ground, "There is nothing to arbitrate." That answer is itself a confession of wrong. It was Penn's famous maxim, "We must concede the liberties we demand." If both sides to this controversy will bear that maxim in mind, much trouble can be avoided. That maxim implies that organization on the one side justifies, if it does not compel, organization on the other side; and each side must concede the rights which it claims for itself, and any contest waged upon principles which conflict with such concessions the public will not justify.

¹ This statement was made April 5, 1902.

² A strike was declared in the anthracite mines in May, 1902, and had not been settled when this paper went to press — EDITOR

The refusal to recognize conditions does not change those conditions, and often embitters the relations that exist between the respective sides. The mission of the Civic Federation is one of peace, and like all peacemakers will doubtless, as time runs on, come in for abuse and misinterpretation of its purposes. We are prepared for this reward, and so long as we remain true to our mission, and that we will so remain our membership is a guarantee, no amount of abuse will cause us to flinch from the duty that is before us.

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Co-operation of Labor and Capital

By W. H. Pfahler National Association of Iron Founders

CO-OPERATION OF LABOR AND CAPITAL

By W. H. PFAHLER

National Association of Iron Founders

There is no subject of greater general importance before the world to-day, none more simple in its character, and yet none so handicapped by fanaticism, as that of the relation of employer and employee.

Remove the curtain between the two real parties to the controversy, which is often held by men of selfish purpose on both sides, and you behold two simple factors, the wage-payer and the wage-earner, each dependent upon the other and both serving the same master, the great consuming public, of which they are also equal and very important parts.

The wage-payer, being directly in contact with the purchasing consumer, claims that he must have a result in production equal in every way to the wages paid, while the wage-earner contends that he must have a wage equivalent to his contribution in time, energy and skill, to the article produced.

Every visible article of use, for food, clothing or shelter, of necessity, luxury or culture, represents three component parts, and the production of each such article depends upon the proper combining of these parts, which are: 1st. Raw material. 2d. Capital. 3d. Labor.

Raw material, supplied by nature, is controlled only by the law of supply and demand, except when by legislation the natural law is for a time superseded, and it then becomes a matter of political action, in which the entire community, except the few who are directly interested in profit, join to abolish the corrupt legislation and restore the natural condition. Raw material is, therefore, the basis of cost in determining the price of every product to the public.

Labor, whether skilled or unskilled, engaged in the reduction of the raw material to the finished product, is also dependent upon the law of supply and demand to fix its value or wage; and any effort to change this value brings the wage-earner in direct conflict with the consumer, through his representative, the employer, whose duty it is to know, and who usually does know, what proportion of the entire cost of any article can be distributed in wage so as to

retain the value of the article at a price not in excess of the ability of the consumer to purchase, and yet within limits which will prevent a more favored nation or district from furnishing the same article in competition, and thereby cause idleness for the wage-earner and loss to the employer.

Capital represents plant, machinery, transportation, interest, and all the factors known as unproductive, and yet absolutely essential for the combination of material and labor. Capital is usually, though not always, the owner of material and the direct employer of labor, and therefore must stand for the silent partner in the combination. What is so frequently called a war between capital and labor is simply an effort on the part of the wage-earner and wage-payer to determine what part of the product of labor, as distinct from material, is represented in the price to the public, and after deducting the proper charge for plant, etc., how the balance, which is profit, shall be divided between the employer and the employee,—or wage-payer and wage-earner.

The growth of prosperity in this country has always been in ratio to increased production, and until a recent period such increased production has been the direct result of the co-operation of the wage-earner and the wage-payer. In the beginning of our commercial history it was only necessary for one man to exchange the product of his own industry for that of other men to obtain the necessities of life, and then the results of labor were not measured by a unit of value or wage, but by the amount of energy expended in production.

When the rapid growth of the country required greater productiveness, and the enlargement of territory made necessary a change in the distribution of the products of labor, the factory system was introduced, whereby capital, or unproductive labor, was joined with productive labor to accomplish greater results than had heretofore been attained by individual labor.

This brought with it the employment of a number of wage-earners under the direction of one or more employers, or wage-payers, and made it necessary to determine the relation of one to the other, or rather the share each should have in the division of profits.

All conflicts which have ever arisen between men upon any subject, whether social, political or religious, have been based, not upon difference in conditions really existing, but upon difference

of opinion as to the relation which existed between the parties to the conflict; and strife, to a greater or less extent, has been brought into use to determine such position.

An excess of power on one side or the other succeeded in establishing for a time the opinion of the victor, but never removed the cause of dispute; and so the organization of wage-earners into associations or unions enabled them to establish from time to time, by power which they never hesitated to exercise, such wages and conditions as in their opinion were fair to them, but not always in accord with the condition of supply and demand.

From their struggle arose the continual change of wages in ratio to the power of either party, the employer lowering wages when by reason of limited demand he could limit production, and the employee raising wages when his services were in sufficient demand to enable him to do so.

The union was able in many cases,—I may say in all cases,—to enforce its demands because of the combined power it could exercise against the individual employer, and, as is usual in such cases, soon began to exercise a power which was unnatural and unwarranted. The result of this was the necessity of forming an organized opposition to their force by creating an opposing force in the organization of the employer class, and this brings me to the history of two organizations of this character with which I have been closely identified during the past fifteen years, and which have been successful in establishing a new basis of relation between the employer and employee.

Fifteen years ago the industry in which I am engaged was in perpetual conflict, involving three or four strikes or lock-outs every year, causing great loss in time and money to employer and employee. Unable longer to endure the strain, an association was formed of about fifty of the leading firms engaged in the business, for the sole purpose of defending the members against the unjust demands of their employees. It was decided to create a large fund for the purpose of carrying on a warfare against the union to which our men belonged. Within a year from the organization a strike occurred which resulted in every member of the Defence Association closing his shop, and the consequent defeat of the union. A second strike occurred in which, after many weeks of severe struggle, the union was again defeated by the united action of the Defence Association. In the third year of its existence, the Defence Asso-

ciation was invited by the officers of the union to appoint a committee to meet a similar committee from their organization for the purpose of discussing some plan by which strikes and lock-outs could be avoided. Frequent meetings were held; many attempts at forming a plan were abandoned, until finally it was agreed that all questions of difference between any employer, member of our association, and his employee, member of the union, should be referred to a committee of three from each association for arbitration and that, pending such action, no strike or lock-out should occur. As a result of this agreement, during the past ten years no strike has occurred in this industry, and every point of difference has been amicably adjusted by conference. Each year a general conference is held, at which the wages are fixed for the ensuing year, and such other changes as may be of mutual advantage are adopted.

It is true that at first the members of local unions, led by some wild agitator, would make a demand upon their employer, and, failing to enforce the demand, would quit work; but the national officers of the union would require them to return to work at once and await the usual and proper means of adjustment.

The Arbitration Board is composed of an even number of men because then an agreement when reached becomes unanimous, and a failure to agree (although no such failure has ever occurred) will not result in the enforcing of the opinion of either side by the decision of a third party. We prefer rather to adjourn from time to time, under the agreement to have no strike or lock-out, and let time and reason aid in finding some common ground upon which we can agree. These agreements made from time to time have been signed for the members of the union by their officers, and it gives me the highest pleasure, as a tribute to human nature, and in reply to those who deny the responsibility on the part of workingmen to a contract, to say that in the history of our organization no agreement has ever been violated in any manner.

The success of this organization led to the formation of a larger and more powerful one, known as the National Founders' Association, of which I had the honor to be the first president. It required a long time to convince many of the larger employers of men that the formation of such an association was not dangerous, because in the negotiations it would be a virtual recognition of the union; but we at last succeeded in organizing with about fifty members.

Within six months the president of the union in which most of our men are employed addressed a letter to our body requesting a conference to devise a plan for conducting negotiations on lines similar to those of the Stove Defence Association. This conference resulted in what has ever since been known as the New York Agreement, which is as follows:

Whereas, The past experience of the members of the National Founders' Association and the Iron Molders' Union of North America justifies them in the opinion that any arrangement entered into that will conduce to greater harmony of their relations as employers and employees will be to their mutual advantage; therefore,

Resolved, That this Committee of Conference indorse the principle of arbitration in the settlement of trade disputes, and recommend the same for adoption by the members of the National Founders' Association and the Iron Molders' Union of North America on the following lines:

That, in the event of a dispute arising between members of the respective organizations, a reasonable effort shall be made by the parties directly at interest to effect a satisfactory adjustment of the difficulty, failing to do which either party shall have the right to ask its reference to a Committee of Arbitration, which shall consist of the presidents of the National Founders' Association and the Iron Molders' Union of North America or their representatives, and two other representatives from each association appointed by the respective presidents.

The finding of this Committee of Arbitration, by a majority vote, shall be considered final so far as the future action of the respective organizations is concerned.

Pending adjudication by this Committee of Arbitration there shall be no cessation of work at the instance of either party to the dispute.

The Committee of Arbitration shall meet within two weeks after reference of the dispute to them.

This agreement to go into effect Monday, March 4, 1901.

Occurring at a time when we were passing from extreme depression to a revival of business activity, when there was an enormous demand for good workmen, when wages were moving upward and when strikes were of almost daily occurrence in every industry, this agreement was observed in letter and in spirit, and, as a result, both employer and employee enjoyed industrial peace and prosperity.

Because of a failure to agree on certain demands made by the union, which would have resulted in reduction of production, a strike was commenced in the city of Cleveland by the union about two years ago, which lasted over seven months and cost upwards of

a million dollars, but at the end resulted in a conference lasting some days, in which both parties to the conference agreed to prevent a recurrence of warfare and united in an agreement which marked greater progress in the labor situation than had ever been reached before.

The resolution was as follows:

Whereas, The N. F. A. and the I. M. U. of N. A., through their duly accredited representatives, at a joint conference held in Detroit, Mich., June, 1900, each formulated a declaration of principles to which they still adhere and which they have been unable to harmonize after careful consideration; and

Whereas, The consensus of enlightened opinion points to conciliatory methods and the principles of arbitration as the most desirable and equitable policy to be pursued when disputes arise between any employer and his employees; and as this is a policy to which both the N. F. A. and the I. M. U. of N. A. most heartily subscribe, they entered into an agreement, the one with the other, since known as the New York Agreement, by virtue of which their representatives have been enabled to meet and harmoniously discuss important matters affecting their mutual interests, and to endeavor to settle them in accord with the more enlightened and equitable policy referred to; and,

Whereas, These efforts have discovered the fact that wide differences of opinion, upon certain vital and essential principles, exist between the members of the N. F. A. and the I. M. U. of N. A., which their representatives have hitherto failed to harmonize by the method provided in the New York Agreement, thus seriously endangering the high purposes to which they stand committed, and in one instance leading to a serious conflict between the members of the two associations in an important section of the joint jurisdiction; be it therefore

Resolved, That it is the earnest opinion of this Joint Conference Committee, composed of representatives of the N. F. A. and the I. M. U. of N. A., that agreement upon the essential points of difference can only be secured by the slow evolutionary processes begotten of friendly intercourse and the more intelligent understanding of mutual interests, which time and the influences of education alone can bring. And be it further

Resolved, That we hereby reaffirm our adherence to the New York Agreement, whose beneficent provisions we will continue to invoke, until by joint agreement we are enabled to reach a more defined code of conciliation and arbitration.

The National Founders' Association now numbers nearly 500 members, having a combined capital of over \$400,000,000, and employing nearly 30,000 molders and more than 100,000 workingmen in other departments, and is daily adding to the number

because the manufacturer has seen that it is the best—in fact, the only—method of dealing with organized labor.

On the other hand, the labor organization, recognizing the strength and fair dealing of the employers' association, is from time to time so modifying its plans and methods as to make it possible to work in harmony with the employer, and together secure results for both that have heretofore been impossible.

This brief history enables me to declare not only as a conviction, but as an axiom, that there is a common ground upon which the wage-payer and the wage-earner can safely unite to form a community of interest in the great industrial problem, and that negotiation for the adjustment of their several interests can be conducted without strife, to the mutual advantage of both.

The history of all associations of manufacturers formed for the purpose of establishing and maintaining just and fair business relations between their employees and themselves, proves beyond doubt that better results can be obtained in this way than in any other.

Following the conference resolution adopted at Cleveland, the first agreement entered into as a result of the conference involves so many points of imaginary difference between employer and employee, and shows the possibility of arranging even the smallest difference by conference, that it is worthy of careful study by both the employer and employee.

This agreement was made in the city of Philadelphia, March 4, 1901, is still in force, and I believe has never been violated by either party to the contract.

Agreement between the National Founders' Association (on behalf of its Philadelphia members), and the Iron Molders' Union of North America (on behalf of its Philadelphia members):

Article 1. In view of the fact that there has been an agreement entered into at the recent conference in Cleveland, Ohio, between representatives of both associations, on the question of equitable wage rates for molders, and in view of the mutual understanding that there is to be a further conference on the subject within a reasonable time—as may be agreed upon by the presidents of the respective associations—for the purpose of further perfecting the details regarding the regulation of wages of molders:

It is agreed that the temporary agreement, entered into July 16, 1900, shall be null and void, and that the agreement herein contained shall supersede the above-mentioned temporary agreement.

Art. 2. The iron molders, members of the Philadelphia Union of the Iron Molders' Union of North America, agree to withdraw their demands that the foundrymen of Philadelphia should operate their foundries under the rules and regulations of the union.

Art. 3. In accordance with the national agreement, entered into at the recent conference in Cleveland, on the regulation of molders' wages, the foundrymen of Philadelphia who are members of the National Founders' Association, and the molders of Philadelphia who are members of the Iron Molders' Union of North America, agree to the following wage scale:

The standard minimum wage rate for bench and floor molders who have learned the general trade of molding shall be twenty-seven and one-half ($27\frac{1}{2}$) cents per hour, or sixteen dollars and fifty cents (\$16.50) per week of sixty hours, it being understood that when a molder has completed his work before regular shop-closing time such time shall not be deducted in computing the week of sixty (60) hours.

Art. 4. The standard minimum wage rate shall be subject to the following DIFFERENTIALS:

1. The young man who has completed his apprenticeship, and who, by reason of his mechanical inferiority or lack of experience, or both, in either branch of the trade of molding, shall be unfitted to receive the full wage rate provided for above, shall be free to make such arrangements as to wage with his employer for a period mutually satisfactory as may be agreeable to himself and employer.

2. The molder who, by reason of his physical incapacity or physical infirmity, cannot earn the standard minimum wage rate, is to be free to make such arrangements as to wages as may be mutually satisfactory to the employer and himself.

3. There being in some foundries a grade of work calling for less skill than is required by the ordinary molder, this grade of work being limited in quantity, it is agreed that nothing in this agreement shall be construed as prohibiting the foundrymen from employing a molder to make such work and paying for same at a rate that may be mutually agreed upon between the molder and the foundryman. It is understood that a molder who is working for and receiving a rate of wages of twenty-seven and one-half ($27\frac{1}{2}$) cents per hour or over, is not to be asked or expected to make the grade of work referred to above for any less wage rate than he is regularly entitled to under this agreement. This does not give the molder the right to refuse to make the work if it is offered to him at his regular wage rate.

Art. 5. It is agreed that nothing in the foregoing shall be construed as prohibiting piece or premium work, and when it is desired on the part of the foundryman that his work shall be done under the piece work or premium system, it is agreed that the wages of the molder shall be based so that he may earn a wage not less than if working by the day. This is understood as applying to molders who are competent to do an equal amount of work and of equal quality to the average molder in the foundry in which he is employed.

Where the foundryman and molder cannot agree on the piece price for a certain piece of work, the foundryman is to have the work done by the day

for a period of a day or more, according to the nature of the work, in order to establish a fair and equitable wage rate on the work in question.

It is further agreed that nothing in this agreement shall be construed as preventing a molder from agreeing with his employer on a piece price as soon as he is given a pattern.

Art. 6. Time and half-time shall be paid for all overtime, excepting in cases of accident or causes beyond control consuming not more than thirty (30) minutes; and double time for Sundays and legal holidays—to wit: Fourth of July, Labor Day, Thanksgiving Day and Christmas. It being further understood that when foundries do not make a practice of running beyond bell or whistle time and are occasionally late, the "give and take" system shall apply in all such cases, it being further understood that both sides should show a spirit of fairness in adjusting matters of this kind.

Art. 7. Arbitrary limitations of output on the part of molders, or arbitrary demands for an excessive amount of output by the molders on the part of the foundryman, being contrary to the spirit of equity which should govern the relationship of employer and employee, all attempts in that direction by either party, the molder or foundryman, are to be viewed with disfavor and will not receive the support of either of the respective associations parties to this agreement.

It being further agreed that the wage rates specified herein are to be paid for a fair and honest day's work on the part of the molder, and that in case of a molder feeling that a wrong has been done him by his employer and that his treatment has been at variance with the terms of this agreement, he shall first endeavor to have the same corrected by a personal interview with his employer, and, failing in this, then he shall report same to the proper channel of his local union for its investigation. If there is any objectionable action on the part of the molder which is in conflict with this agreement or the spirit thereof, then the employer is to endeavor to point out to the molder where he is wrong, and, failing in this, he may discharge the man for breach of discipline, or else retain him in his service and submit the case to the National Founders' Association for investigation.

In order that there may be no misunderstanding as to the wages a molder is to receive under the above agreement, it is understood that a molder must agree with the employer on the rate of wages that he is to receive at the time he is engaged; it being further agreed that neither the molder nor the foundryman is to deviate from the terms of this agreement as to wages or deportment.

Art. 8. In conformity with the agreement adopted at the recent conference in the city of Cleveland, the National Founders' Association and the Iron Molders' Union of North America deprecate strikes and lock-outs, and desire to discourage such drastic measures among the members of their respective associations.

It is therefore agreed that all unfair or unjust shop practices on the part of molders or foundrymen are to be viewed with disfavor by the Iron Molders' Union of North America and the National Founders' Association, and any attempt on the part of either party to this agreement to force any unfair or unjust practice upon the other is to be the subject of rigid investi-

gation by the officers of the respective associations; and if upon careful investigation such charges are sustained against the party complained of, then said party is to be subject to discipline—according to the by-laws of the respective associations.

And it is further agreed that all disputes which cannot be settled amicably between the employer and molder shall be submitted to arbitration under the "New York Agreement."

Art. 9. When the words "employer" or "foundryman" are used, it is understood that their foremen or representatives may carry out the provisions of this agreement and act for them.

Art. 10. It is further agreed that nothing in the foregoing shall be construed as applying to operators of molding machines who have not learned the general trade of molding, and the right of a foundryman to introduce or operate molding machines in his factory shall not be questioned.

Art. 11. This agreement shall continue in force to July 16, 1901, and thereafter to June 3, 1902, and to continue from year to year, from June 3, 1902, unless notice be given on May 1 of any year by either party to this agreement signifying their desire to change or modify the conditions of this agreement.

And it is further agreed that should any agreement be reached by a conference of representatives of the National Founders' Association and the Iron Molders' Union of North America upon the question of wage rates for molders, and in conflict with the terms of this agreement, that a conference of the parties hereto shall be called immediately to conform the terms of this agreement to those of the national agreement; otherwise this agreement is to continue in force as above provided.

In England, several years ago, the great strike of engineers involving 75,000 men, and extending over a period of six months, was finally settled by conference between the representatives of the associated employers and representatives of the several unions, and resulted in an agreement which established harmonious relations between both parties, and has ever since prevented strikes or lock-outs.

In Belgium, in 1899, a lock-out, probably the greatest which has ever occurred, involving almost every industry, shutting out more than 50,000 men, and extending over a period of seven months, was only settled after the employers discovered to their own great advantage that matters can be arranged more satisfactorily when the representatives of organized capital confer with the representatives of organized labor. The result of their conference was the removal of all obnoxious demands and the adjustment of wages and conditions of labor upon an equitable basis, embodied in an agreement now in force and held equally binding on employer and

employee, the result of which was, in England as in the examples cited in this country, the elimination of strikes and lockouts.

A review in detail of the results accomplished by the methods of conference and conciliation, in these cases referred to, would require more space than can be used in this paper—but warrant the following conclusions:

First.—That labor organizations are the natural result of a great movement in the business world which is replacing costly competition with profitable co-operation, and are formed primarily for the protection of their members, upon the theory that collective bargaining for the sale of their labor is more profitable than individual contract.

Second.—The accomplishment of their object requires labor organizations to secure the membership of the largest number of persons employed in any kindred trade, and (because voluntary advancement of wages rarely or never occurs) to demand a change in wages and betterment in conditions whenever it appears that the need for their labor is in excess of the supply, and therefore warrants such demand. Labor organizations are necessary also to resist collectively any movement on the part of the employer which would result in injury to the workingman.

Third.—Whenever labor organizations by reason of false leaders have made unfair demands or established conditions which were unfair to the employer, it has been because of the use of collective force against the individual employer, and this has been defeated whenever the employers have organized similar associations for their own defence.

Fourth.—That strikes for advance in wages and improvement of condition—occurring, as they do, during a period of prosperity—usually succeed, while strikes for recognition of the union, usurpation of the rights of the employer or against the reduction of wages almost invariably fail in their purpose.

Assuming that the employer is governed by honesty of purpose in dealing with labor, and that the employee is equally honest in his desire to give worth for wages, the organization of both parties must slowly but surely remove force as the means of securing results, and cause a resort to reason and conciliation as the best means to accomplish the greatest value for both.

There are two great obstacles which prevent the substitution of these means of settling the labor question at present, and which must be first removed before better conditions can be realized.

On the part of the employer there is the refusal (usually sentimental) to recognize the union, and the determination to destroy it. He forgets that his effort to destroy the union presupposes his recognition of it, else he would be fighting a nightmare, while the recognition in fact would enable him to learn its scope, purposes, and plans, and by co-operation secure a valuable ally instead of an unreasonable enemy.

In the use of the word union, I desire always to be understood to refer to such organizations of workingmen as are conducted along reasonable lines and are led by representatives worthy of the best element composing the membership, who formulate their demands in harmony with known business conditions and control their movements within the lines of law and order, because when they assume any other condition they are simply mobs, and deserve only the condemnation of every worthy citizen.

The obstacle on the part of labor is the effort to establish the idea that recognition of the union implies more than the agreement to make collective bargains between employer and employee at such times as a change in business conditions demands or permits, or to insist that it conveys the right to enforce rules and methods in the conduct of the business without the consent or co-operation of the employer.

To remove these obstacles and establish a condition of harmony and mutual prosperity, the employer must not forget that wage-earners have formed powerful associations for the purpose of advancing and protecting their interests, and have delegated their individual power to, and placed their confidence in, the officers of their unions.

That these officers are in many cases far above the average of their craftsmen, and their highest ambition is to better the condition of their fellow-workmen.

That the aggressive methods of labor unions are very frequently caused by the determination of the employer to destroy them, without giving them a chance to be heard in their own defence.

That in the conduct of business involving large investment for plant, and the employment of a large number of men, able management is required to secure the best results from machinery and power, but good government is necessary to secure the highest efficiency of men, and the best government is that which is founded on the consent of the governed.

That responsibility for the performance of such an agreement as should exist between employer and employee cannot be measured by legal or financial standard, but can be safely based on individual integrity, and in this I have found that a very large majority of the workingmen in this country hold an agreement which is made for them by the officers of their union as binding them in every sense of the word.

That the organization of associations of employers in kindred branches of industry tends to uniformity in method of regulating the employment of men, and at the same time affords protection against the demands which may be unfair or the strife which may be instigated by unwise leaders of organized labor.

The employee must not forget:

That the right to be a union man implies also the right to be a non-union man.

That no honest employer can discriminate between the men in his employ, or recognize the right of any body of men to determine whom he shall employ.

That the effort to establish a minimum rate of wage, if based upon the lowest standard of efficiency, destroys the earning power of the more competent workman and lowers the standard of all.

That the effort to limit production is false in principle, and can only succeed, if at all, when the demand is in excess of the supply, and when it succeeds, it causes the creation of methods and machines which supplant the skill of the mechanic and bring into competition a lower grade of labor at a lower wage.

That the effort to create a monopoly by attempting to retard the privilege of the American boy to acquire a trade is destructive to the best interests of a progressive nation.

That the laws, rules and methods of labor unions must be changed to conform with present conditions, if the union hopes to be recognized as a factor in the adjustment of the labor problem.

That the right to strike, or refuse to work, under certain conditions, does not involve the right to prevent others from working, if the conditions are satisfactory to them, and involves responsibility for all the damage that may arise.

That the standard of wage cannot be measured by the standard of time employed, or energy expended, but by the results attained.

These, and many other differences which might be enumerated,

are the causes which make for strife and dissent, and prevent the harmony which should exist for the mutual benefit of both classes. These differences can only be removed or harmonized by honest and intelligent conferences between the employer and employee, and to bring about such conferences is the purpose and aim of the National Civic Federation. The success of the effort promises, for the employer, the markets of the world; for the employee, continued and increasing profits; for the country, industrial peace and better citizens.

Harmonizing Labor and Capital by Means of Industrial Partnership

By Alexander Purves, Treasurer, Hampton Institute, Virginia

HARMONIZING LABOR AND CAPITAL BY MEANS OF INDUSTRIAL PARTNERSHIP

By ALEXANDER PURVES

Treasurer, Hampton Institute, Virginia

In this age of business supremacy, when trade has become the leading science and merchandising an art; when sentiment is being pushed aside by the forward rush of commercialism, and expediency seems to be successfully competing with morality; when one is almost persuaded that the Church itself, to survive, must be conducted with business sagacity, one is compelled to acknowledge the futility of urging any plan for the reformation of the existing relations between capital and labor with serious hopes for its present consideration and possible adoption, except the same shall be able to prove its principles to be in accord with good business policy.

There are those who believe the danger to vested interests is increasing proportionately with the ever growing average of intelligence on the part of the wage-earners and that the former will eventually be overwhelmed by the latter to the demoralization of both unless capital anticipates and averts the danger by securing and maintaining a hearty co-operation of the working classes through a substantial acknowledgment of the just claims of enlightened labor to an enlarged share in the product of the two.

It seems reasonable to assume that with the advance of civilization and general intelligence, some means must be found for the treatment of the whole matter of the return for services rendered, that shall be more progressive and more humane in character than the present basis of supply and demand. As Prof. Gilman says—"We must acknowledge that the wages system, viewed in its simplest form of time wages, does not supply the necessary motives for the workman to do his best." To which we may add, that neither does it appeal to his sense of right nor to his theory of justice.

The first advance towards a change must be made by the masters, and any movement for a revision of the existing system must take form in an apparent concession on the part of vested

interests. The apparent indifference and complacency with which the dominant class regards the whole matter is most regrettable. The leaders in reform should adopt some plan whose successful operation would commend itself—from a business point of view—to the many masters. That is to say, whatever is done in that direction, let it be done primarily because it is *just* and right. Then if it can be shown to be profitable to capital, so much the better. Such a demonstration would be invaluable, not so much by reason of the resulting increase in the incomes of the leaders in the movement, as that such a fact would make probable the extension of the system into other enterprises where such an incentive would have the stronger influence.

The successes, moderate though they have been, which have generally attended the introduction and operation of profit-sharing plans in various forms, should encourage further developments and extensions of that system in the broadest manner possible, without, however, introducing or permitting any features that would embarrass the administration or weaken the personnel. As the successful manufacturers of the present generation are largely those who have found ways to utilize the by-products and the power which had theretofore gone to waste, so the successful masters of the future must be those who shall find some means of harmonizing the demands of capital and labor, thus saving and utilizing that large percentage of human energy which is now worse than wasted in the continual contention, passive or active, between the working classes and vested interests. Apart from every other element of advantage, can there be any question as to the increased *physical* capacity and staying powers of a man when led on in hopeful expectancy rather than when driven on by physical necessity?

It is justly claimed that in many instances the wage-earners would not be benefited by a distribution in cash of a percentage of the profits, that they would fritter it away either foolishly or with lack of discretion. There is nothing to which the average family can adjust itself so easily and with such alacrity as to an increase in income. Could we but save the wastes of carelessness, the losses from strikes and lock-outs, and to these add the enlarged profits resulting from a broader co-operation and greater physical ability to produce, then capitalize and conserve all of these for the benefit of those who in each case have contributed their proportion

—either in capital, brains or labor—to the enlarged success of the enterprise, we would have placed within reach better homes, better clothing, better food, better schools, and have taken a step forward which should inspire individuals of both classes with higher ambitions for a larger and better life.

“Prosperity sharing,” strictly speaking, does not go far enough, because it limits the amount awarded to labor to a small percentage of the real profits. The share must be small because “adversity sharing” does not accompany profit-sharing. In all fairness the share of labor in the margins of the business should be of such proportions that justice to all would make it alike a sharer in losses as well as in gains. By this we do not mean to say, when losses occur, that labor should contribute actual money to make good any portion of the impairment. Such a proposition would be impracticable and impossible. The share of labor in the surplus profits—that is, after the payment of standard wages and a just return to capital for its simple use—should be upon a most liberal basis, and any and all impairments suffered in years of adversity should be made good out of subsequent surplus earnings (in which, except for such impairment, labor would have been a sharer) before wages shall again be entitled to any further dividends.

Amongst the various schemes that have been put into operation in those concerns which have endeavored to make their employees sharers in the profits of the business, the most familiar plan is that of offering to wages a dividend on the total amount thereof, at the same rate of percentage as is paid on the par value of the capital stock. This proposition is unfair, since in most industries the capital stock amounts to several times the total of the annual pay-roll. After the first adjustment upon that basis, the incentive to labor to strive for larger results is almost insignificant, since the share of wages in the subsequent increased earnings would, where the capital is equal to say four times the annual pay-roll, amount to only one-fifth of the increase in net earnings, the other four-fifths thereof going to capital.

Other institutions have established a custom of presenting to their employees annually a sum of money equal to a certain percentage of their salaries. But this extra income soon becomes as much a matter of wages as the weekly or monthly pay-roll, and little real good is accomplished—the employee is still working for *fixed* wages. There is something in the make-up of a man that cannot

be wholly satisfied, no matter how secure it may be, with a definite agreement that he shall receive a certain fixed sum of money for a given amount of work, however liberal the compensation may be. There is a positive satisfaction in having a pecuniary interest in an enterprise where the financial return is not definitely restricted and known in advance, even though there may be as an accompaniment some danger of a loss.

Any attempt to satisfy the craving of labor for justice will fail if handicapped by paternalism. A man must be acknowledged a man. His sense of independence and self-respect must be strengthened and not crushed.

Furthermore, a man is not satisfied to have even a part of his just earnings expended for him. Company kindergartens, company libraries, company churches are doubtless very estimable in their way and are doing much good. They are a step in the right direction and most valuable in the practical demonstration which they offer that it pays capital to improve the conditions and surroundings in which the operatives live. But those who are to enjoy these institutions should not be allowed to feel that they are under any obligations to the owners thereof. Rather they should be given to understand that a certain definite percentage of the net earnings of the enterprise would be expended for the public good—not as a benefaction, but as a just due—giving to the operatives, as far as possible, the administration and management of such company institutions.

Some manufacturers believe that if their employees can be induced to purchase homes adjacent to the mills the labor problem has been solved. From the manufacturer's point of view the plan is attractive. An employee who puts the hard-earned savings of years into a small dwelling—generally situated in a community wholly dependent upon the local mill of his employer—doubtless ties himself up very effectually to the enterprise, but whether he is attached by his loyalty to and affection for the concern, or is held by the self-welded fetters of a money investment is an open question.

The actual value of an investment in any business is based primarily upon the security—the consideration of the rate of interest being secondary to the safety of the investment. This is recognized by the great exchanges where all manner of stocks and bonds are bought and sold. These compel the frequent

publication of the earnings and general business of those corporations that desire to have listed any of their issues of securities. No one can say with truth that public knowledge of the affairs of any such corporation has imperiled the proper operation and legitimate success of the enterprise. On the contrary, experience has proven the wisdom of such a course from every standpoint—the public is better protected in its investments of capital and such corporations are given a standing in the financial world not accorded to those who keep their affairs secret and guarded from the public view. We are compelled to infer that the negative action on the part of these latter concerns is prompted by one of two reasons: either they are striving to secure a higher credit rating than that to which their actual condition would entitle them, or, more probably, that they fear their percentage of net profits is larger than public sentiment would regard with favor. It would seem in either case that the interested public is morally entitled to frequent and intelligible information regarding all corporations which owe their very existence to the public consent.

What is true of corporations is true of individual partnerships as well. To let the interested public have knowledge of the true state of affairs would doubtless be very distasteful to all classes of masters. And yet it is not difficult to imagine that conditions still less agreeable may confront the masters if the demands for justice to wage-earners are ignored. Would not the publication of figures covering the assets, liabilities and earnings (or losses) place all business upon a firmer foundation and exert a helpful influence on the adjustment of profits between capital, brains, skill and labor? Is the withholding of truth an established virtue and the publication of truth a dangerous experiment? And finally if the introduction of profit-sharing into a business necessitates the publication of the earnings of the business, would it not be fair to ask the few masters to make that concession to the interests of the many workers?

Business organizations are composed of two classes—those who own and control and those who operate and produce; or rather those who contribute their money and those who contribute their lives. We are not aware of any moral law that denies that the man who makes his contribution of flesh and blood in work—be it in stoking a fire, running an engine, operating a type-writer, selling goods or driving a truck—is justly entitled to as full a knowledge

of the pecuniary result of his labor as the man who merely loans capital to the operation.

The following principles may be set down as sufficiently well established to be used as a basis for working out plans for the reform of prevailing relations of labor and capital:

(a) That whenever there is sufficient confidence on the part of the employees a direct or an indirect dividend to labor is a good investment for capital.

(b) That with an actual dividend-earning interest in the business every participant would be prompted to individual efforts: 1st. Towards accomplishing more work in a given length of time. 2d. In the saving of waste. 3d. In seeking and suggesting improvements in the manufacture and in the conduct of the business looking to the advancement of the general welfare. 4th. In that it would naturally become the self-imposed duty of every employee to challenge a co-worker for laziness or upon the commission or omission of any act through which a loss to the business would be the likely result; and, therefore,

(c) That capital in business is best secured when every employee is pecuniarily benefited through the enlarged success of the enterprise.

It is a false theory that capital shall not accumulate, or that the return upon it shall be restricted within definite limits. There must be allowed to capital the opportunity for enlarging returns in the development of new enterprises—a chance to earn more by risking more. Otherwise there will be no incentive for its broader operations and its usefulness will be restricted. That capital is accumulated in the hands of the comparatively few is not, generally speaking, an accident, but rather that fact is a strong indication that those who control it are the men best qualified to hold it intact and make it most productive.

Besides the elements of capital and labor, the matter of brains or business sagacity must be recognized as an indispensable factor in business and must be reckoned with. The peculiar ability that a certain small percentage of men possess to conduct modern business ventures at a profit is of great value, is always in urgent demand and must be well paid for. Like everything else it will naturally seek for itself the best market and will generally go to the highest bidder. There can be little doubt that the neglect to

recognize and properly care for this element as essential to success has been largely the direct cause of the many failures of purely co-operative ventures. Brains must be paid for. Sagacity must have its reward.

Amongst the many obstacles which confront any effort to arrive at some fair basis for the introduction of profit-sharing institutions, probably the most prominent is the difficulty of establishing a satisfactory system for calculating and treating the profits and losses of the business so as to avoid the element of suspicion on the part of the employees as to the fairness of the bookkeeping employed in arriving at the basis for the division to them provided for in the agreement. Many honest efforts of employers to introduce plans for a distribution amongst the employees of a percentage of the net profits of the business have been defeated solely by reason of the inability of the management to overcome the distrust on the part of the wage-earners in the bookkeeping, it being a simple enough matter so to treat the accounts of profits, losses, depreciation of plant and receivables, that the percentage actually due the employees under the agreement may be cut down or entirely obliterated at will. The plan of having a direct representative of the employees (of the watch-dog order) in the management is neither desirable nor logical. There may be individual and isolated cases of perfect faith and trust on the part of labor towards capital, but as a business proposition in the present stage of our moral development there must be something more tangible than the mere verbal assurances of the owners, endorsed by an accounting under their direction.

It is with the aim of presenting a plan for meeting in a measure this difficulty, and at the same time outlining a scheme which should operate to the mutual advantage of both capital and labor without compromising the security of vested interests, but rather strengthening it, that the suggestions herein contained are submitted—the basic principle being that the encouragement of righteous ambition with a well-grounded hope for future prosperity must surely develop the best there is in the wage-earner with benefit both to himself and to capital as the inevitable result.

In considering the proportion of the net profits which should be paid out in cash dividends to capital for its use, it may (at least for the sake of presenting this argument) be counted fair to assume that in the average legitimate enterprise the withdrawal of say

60 per centum of the actual net earnings would be the *limit* of safe business policy and that the remainder of such earnings should be kept in the business for the purpose of extending the enterprise and the more securely protecting the investment.

As an outline for a plan for the proposed adjustment in a concern already established, the proposition is that a binding agreement shall be entered into, which shall provide for the payment of the regular standard of cash wages to all employees of the concern, including the officials and management—and shall likewise name a definite amount which shall be determined to be a just and fair annual return to capital for its simple use; not, however, exceeding say 60 per cent of the average established net earnings; that the agreed amount shall be paid annually (in quarterly or half-yearly instalments) as a dividend upon the common stock of the corporation *cumulatively*; that it shall be especially understood that the company by a two-thirds vote of its common stockholders may issue for needed additional capital preferred stock; that the prior right to subscribe to such preferred stock shall be pro-rated one-half of the issue to the holders of common stock, and the other one-half to the holders of the debenture books (hereinafter particularly set forth) in proportion to the par value of the respective holdings; that wages shall be a first claim upon the assets, and that the dividends to capital stock shall have the first claim upon the net earnings, and that they shall be cumulative at a rate fixed by agreement; that after the payment of such dividends as a *first charge* upon the net profits of the business, 20 per cent of the net profits then remaining shall be set aside in a contingent fund (to be hereafter specifically referred to) and that the balance of the annual net profits still remaining shall be held in the business—but, one-half thereof for the benefit of the stockholders and the other one-half for the employees (under certain restrictions and agreements to be explained presently).

It will be readily seen that the above treatment of the annual net profits would continue the accumulation in the business of the surplus earnings in excess of the regular cash dividends, and so increase, as now, the security of the original investment and (as hereinafter shown) in no way diminish or endanger the present power of the stockholders to control the management of the concern.

To accomplish this, it is proposed that after the regular cash dividends have been paid to capital and the said percentage set

aside for the contingent fund, annual stock dividends shall be declared covering the amount of the surplus earnings which are to be held in the business; that the certificates issued therefor shall be in the nature of *deferred stock debentures* which shall have no voting power and shall be subordinate in every respect to the common (and preferred) stock of the concern, both as to dividends and principal, so that said deferred stock debentures shall not be entitled to any dividend or interest whatsoever except when earned during the then current year, and not until after the dividends upon any preferred stock shall have been paid or set aside, nor until the said agreed sum (equal to 60 per centum of the established average net earnings) shall have been paid out, or set aside for the dividends upon the common stock and said contribution made to the contingent fund; that the said deferred stock debentures shall receive dividends at a rate not exceeding 6 per cent per annum when earned in the then current year, and in no sense shall said dividends be cumulative; that in the event of liquidation or dissolution, the common (and preferred) stock shall be paid in full before any payment shall be made upon the said deferred stock debentures, but said deferred stock debentures shall then receive all of the assets remaining after the payment in full of the preferred and common stock and of all outstanding indebtedness; and that the said deferred stock debentures shall always be subordinate to the general creditors of the company.¹

These deferred stock debentures shall all be issued to a trustee—one-half thereof to be held in trust for the benefit of the common stockholders, and the other one-half shall be considered as *extra wages* and shall be held by said trustee for the benefit of the employees. Cash dividends on all deferred stock debentures, when declared, shall be paid to said trustee, who shall disburse the same—one-half thereof to the holders of the common stock pro rata, and the other one-half to the employees in proportion to the respective amounts standing to their credit on their debenture books (hereinafter described).

That is to say, for illustration, that if the capital of the concern is \$1,000,000 and the net earnings for the past several years have

¹ We have assurances from eminent corporation attorneys that the proposed issue of deferred stock with the suggested limitations thereon is entirely legal and feasible, and that it can be done without danger of having the concern forced into a court of equity by the holders of such certificates.

averaged \$200,000 per annum,—60 per cent of such earnings, or \$120,000, would be the amount agreed upon as the annual cash dividend to capital represented by the common stock,—that 20 per cent of the balance of such earnings, or say \$16,000, would be the amount to be paid into the contingent fund, and that at the end of the first year of the operation of the plan the balance, or sum of say \$64,000, would be held in the business, but that deferred stock debentures to cover said amount would be issued to the trustee—\$32,000 to be held for the use of the stockholders, and \$32,000 as extra wages to be held for the employees. At the end of the second year after the payment of the dividends to common stock and the percentage to contingent fund, a dividend would then be declared upon \$64,000 of deferred stock debentures, and for the balance of the net profits still remaining another issue of deferred stock debentures would be made to said trustee; and so on from year to year.

The effect of the above arrangement being that after the payment of all cash dividends to common (and preferred) stock, and the setting aside of the said percentage to the contingent fund, the surplus earnings then remaining—representing the surplus assets of the company—would be capitalized in the form of deferred stock debentures and held in trust for the joint interests of the original owners (or their assigns) and the employees—it being especially provided that should the company at any time or times prefer to pay the amount of surplus earnings in cash directly to the stockholders and the holders of the debenture books instead of issuing the deferred stock debentures therefor, it shall have the right and option of so doing.

Each year the amount of the deferred stock debentures to be issued to the trustee *as wages* shall be calculated as above outlined, and the percentage thereof in which each individual employee is interested shall be determined by the proportion that his wages for the year shall bear to the whole salary list for that period. This amount then shall be set down in his debenture book, and upon this sum he will be entitled to receive through the trustee (when earned) dividends not exceeding 6 per cent per annum, non-cumulatively and subject to certain limitations set forth in and made a part of his debenture book as hereinafter particularly set forth. The fees of the trustee for the above and all other services to be charged to the general expense account of the concern. The said trustee

shall be entitled to full statements of the condition of the company at any time, and at all times shall have access to the general books of the concern.

A debenture book shall be issued to each employee, and shall contain a full statement of the conditions upon which the same is issued, and shall be signed by each of the respective holders thereof in evidence of his understanding thereof and agreement thereto. Each debenture book shall be numbered, and the age, nationality, sex, etc., of the employee shall be stated therein. It shall provide among other things:

(a) That no employee shall be entitled to participate in these extra wages until he shall have been for one year in the continuous employ of the company.

(b) That the debenture book may be redeemed by the company at its option, at any time upon the payment of the total principal sum or sums therein set forth.

(c) That nothing therein contained shall in any way limit the power of the management in the control of the business, and that their authority to employ and discharge any employee shall not be limited in any way whatsoever, but shall be left entirely to the discretion of the board of directors and that under no circumstances shall the issuance of said debenture book entitle the holder thereof to any voice in the management of the business.

(d) That in case of losses in the business in any year or years, the impairment thereby caused shall be made up either (first) out of subsequent profits, or (second) out of the contingent fund, or both, and all accumulated dividends upon the common and preferred stock shall have been paid in full before the holder of the debenture book shall be entitled to any dividends.

(e) That the individual named in the debenture book shall, after all impairments have been made good and all dividends on the common and preferred stock due and in default, as above set forth, have been paid, be entitled to receive, through the said trustee, dividends, when earned, at a rate not exceeding 6 per cent upon the total of the amounts therein set forth, but in no sense shall the dividends upon the debenture book be cumulative.

(f) That said debenture book shall not be redeemable during the life of the employee named except at the option of the company.

(g) That in case of the death of the holder thereof, the same shall form a part of his estate and shall be convertible into cash

at its par value within thirty days, upon application to the company, and the same shall be paid for out of and held by the contingent fund when the balance in said fund will so permit, otherwise to be paid for out of the general funds of the company and held in the treasury.

(h) That said debenture book shall not be transferable without the consent of the company.

(i) That it shall be especially understood and agreed that all calculations of profits and losses of the business shall be left entirely to the discretion and best judgment of the board of directors, and that their decision upon these and all matters touching the question of depreciation of plant, amounts charged to profit and loss, valuations and inventories, and all other matters affecting the business and policy of the company, shall be final, and from whose decision there shall be no right of appeal.

(j) That the "net earnings" of the concern shall comprise the amount of the profits of the business after deducting all losses and charging off an agreed percentage in the valuation of the plant account for depreciation and any other items of doubtful value, at the discretion of the board.

(k) That in case the holder thereof shall make or attempt to make any assignment of all or any part of his interest as set forth in said debenture book, the same shall, at the option of the company, be immediately forfeited as liquidated damages for violation of this contract, and shall revert to and be held as a part of the said contingent fund.

(l) That these debenture books may be attached by the company for any indebtedness due to it, in any department, by the holder thereof.

(m) That the company reserves the right to issue for capital account preferred stock with cumulative dividends, which new issues shall in every particular outrank all issues of deferred stock debentures; it being provided, however (as above set forth), that the holders of these debenture books shall have the prior right to subscribe, pro rata, to fifty (50) per cent of any and all of said new issues of stock.

The amount to be set aside to the contingent fund shall be paid in cash, and may be invested in legal and marketable securities. This fund shall be held in the first place to make good to the company any excessive business losses that cannot be met out of

the current profits of the concern. It will also purchase at par the debenture books of deceased employees; and any accumulation of income therein shall be used as a basis for sick benefits, etc., upon such a uniform plan as the amounts thereof will warrant, the disposition of the available income for that purpose to be placed as largely as practicable in the hands of the employees.

The proposition is that the above treatment of profits shall be continued annually from year to year, so that at the end of the second year of its operation—after the payment of the regular cash dividends upon the common (and preferred) stock out of that year's net profits and the payment into the contingent fund—the dividend on the deferred stock debentures shall be declared and paid upon the amount thereof held by said trustee; and for the remainder of the surplus earnings for the second year another issue of deferred stock debentures shall be made to said trustee, one-half for the use of the common stockholders and the other half as extra wages to be held for the use of the employees, and that the amount thereof to which each employee is entitled to credit shall again be determined as above set forth, and shall be entered in the respective debenture books and added to the amounts of the previous similar credit, and so on from year to year, it being provided as above set forth, that in case the company could not make advantageous use of this increase of capital it shall have the option of disbursing the amount in cash direct to the employee and stockholders.

Could the masters manipulate the bookkeeping so as to fleece the employees of the percentage of profits to which they were actually entitled? The writer believes that this could not be, and for the following reasons:

(a) It will be seen that under the plan as suggested, whatever action the management might take regarding the valuation of the assets and calculation of the annual profits, its decision would bear equally upon the interests of the stockholders and of the employees.

(b) If the management is overly conservative and the actual surplus assets are thereby cut down, the stock dividend to the trustee, representing both the employees and the stockholders, would be *for that year* unduly diminished; but such action could make little or no difference in the final result, as the actual surplus assets would still be intact, and if not shown in one year would surely appear in another. So that beyond a delay in the division

thereof those in control of the bookkeeping would be powerless to discriminate against the employees, and as already shown an unfair settlement would bear equally upon capital and labor. Then, too:

(c) There could be little or no object in such an attempt, as it is not intended that the surplus, whatever the amount may be, shall be withdrawn from the business and distributed, but that the whole of the same shall be retained in the business (so long as it can be used advantageously), and under the plan as outlined all of these surplus earnings shall be capitalized and subordinated to the original investment and thus acting practically as a guarantee fund to protect and secure the same; and, again,

(d) It is a part of the plan that all employees, from the lowest form of unskilled labor to the highest salaried official, shall be sharers in the dividend to wages. Under such an arrangement it would be practically impossible for the owners to equivocate or to treat the question unfairly.

It will be generally conceded that the universal publication of the assets and liabilities of all business enterprises would greatly simplify and proportionately stimulate trade. With the added security against losses that such a system would assure, a liberal extension of credits would be the natural and a safe outcome. It is more difficult, however, to meet the question as to what effect the publication of the earnings, debts and resources would have upon the credit and general business of a *single* concern when in direct competition with others in the same class which continued to hold to the system of secrecy. It is clearly impossible to make a conclusive statement concerning this question. Whether the publication of accounts by one concern would work to the advantage or disadvantage of its secretive competitors seems wholly problematical. So far as we can see, however, indications point with some confidence to the ultimate success of that concern which does not conceal that of which their creditors of a right should be informed.

Regarding the probable effect upon the general business of the concern, it seems reasonable to claim that the liberal and just treatment of the employees will surely appeal to the public at large and that the advantage gained through the profitable influence that such action will have upon the concern's constituency, especially among the buying public, would largely overbalance any

possible disadvantage that could come as a result of the exposition of figures regarding the condition of its affairs.

As to the effect on credit when the published earnings show a decrease in profits it is still difficult to do more than surmise, though if the liabilities of the enterprise are made up more and more each year in a growing percentage of subordinated income-debentures we believe the publication of decreased profits would not operate towards the impairment of its credit, and certainly not until the losses became so extensive as to imperil the solvency of the concern—in which latter case it seems clear to us that little can be justly said in support of the custom of concealment.

Would the plan of letting the employees generally become part owners of the concern place them in a position to give trouble to the management of the enterprise, and would they not soon demand, as stockholders, the right to a voice in the direction of its affairs and in the shaping of its policy? On the contrary, it is urged:

(a) That with the proper and timely guarding of the interests of the original investment through sufficient, clear and undeniable limitations upon the rights and powers carried with the issues of deferred stock, such issues could not be used to the detriment of vested interests, but rather:

(b) That such a pecuniary interest in the enlarged success of the business would act as a guarantee of loyalty to the management and as an incentive to the employees to further the legitimate business of the concern, and:

(c) That the employees with a money investment in the enterprise, if for no higher reason than the instinct of self-preservation, would realize the value and necessity for harmonious and sympathetic co-operation between the capital, brains and energy of the concern.

Would capital be benefited by the operation? We claim without reservation that it would—and for the following reasons:

(a) That the net profits of the business would be largely increased through the reduction of friction; the larger incentive of labor; the increase in the physical capacity of the workers to produce; the saving of useless waste; and through the absence of strikes and lock-outs; as in all of such increase in net profits the capital would be an equal sharer with its employees.

(b) That the true loyalty and support of all employees would

greatly strengthen the security of the capital in the business and proportionately add to the real value of the investment.

(c) That where adverse legislation may be easy of accomplishment when it attacks the interests of one man or a small body of men, it would be quite a different matter where the interests of all employees are involved.

(d) That the surplus profits would not be paid out and distributed, but would be held in the business, subordinated to the claims of the original investment, and so very materially adding to the security thereof.

(e) That with a property interest in the business the tendency of the operatives to shift from one concern to another without real purpose would be reduced to the minimum, and that the consequent advantage to the management would result in a distinct gain in the stability of the business.

Would such a plan when perfected succeed? If it would increase the productivity of the workers, if it would tend to elevate character, to develop a greater loyalty to the concern and help to change an operative from an automaton into a man, if it would strengthen the security of vested interests and narrow the gulf between wealth and work, and finally, if it would be in the direction of righteousness and justice, it must finally succeed. It cannot be expected that at first the introduction of such a scheme would be received by the operatives with enthusiasm. It would only be through the medium of their more intelligent leaders that they could be assured of its benefits, and only after several years of successful operation could we expect it to receive the unqualified support of the workers. When, however, their capitalized extra wages show an accumulation and they begin to receive annual cash dividends upon the surplus earnings of previous years, we may be reasonably assured of a decided change of sentiment in its favor.

In the meanwhile the masters would do well in avoiding undue antagonism to labor organizations *per se*, so far as the large body of wage-earners is concerned, the benefits of profit-sharing are still to them unproven, while the trade union has in many ways demonstrated its usefulness in protecting the interests of its members. Whether it does more really to help the best interests of the worker than to hinder, may be an open question. However this may be, certain it is that the institution is strongly established in the mind of the workman as his strongest friend, his one means of expression

and his only hope of material salvation. In its reverses as well as in its successes his heart will remain loyal to his union, until he shall have been furnished a substitute which has proven to him its larger usefulness.

In view of the increasing tendency to incorporate business, this paper has treated the question as it relates to organized capital. It is nevertheless clearly true that the same general situation obtains in the strictly partnership concerns and that the principles herein suggested could be the more readily applied in such cases, especially as the power to act is concentrated in the hands of a few individuals who have no one else to consult.

In such a case it is suggested, in place of the issue of the deferred stock debentures, that the surplus net earnings—after the payment of the agreed interest to capital, and the assignment in cash of the percentage to contingent fund—shall be credited to a "mutual reserve fund" which fund shall take the place of the proposed trustee in a stock company, and shall be entitled to receive dividends (or interest) upon the same terms and subject to the same limitations provided for the deferred stock debentures, and that said fund shall be held for the joint and equal benefit of capital and employees—the respective interests of the employees to be entered in a pass-book similar in terms to the debenture books herein particularly described.

The plan briefly outlined is offered as a suggestion. Doubtless every point made can be improved by modification or substitution. If it influences in a small degree more earnest thought on the part of those in whom the power is vested, towards the formation of a comprehensive plan looking to a more reasonable division of the product of all and a fuller acknowledgment of the humanity of man, its purpose will have been accomplished.

III. The Housing Problem

Tenement House Regulation—The Reasons for It—Its Proper Limitations

By Honorable Robert W. De Forest, Tenement House Commissioner of the City of New York

TENEMENT HOUSE REGULATION—THE REASONS FOR IT—ITS PROPER LIMITATIONS

By ROBERT W. DE FOREST

Tenement House Commissioner of the City of New York

When Theodore Roosevelt, then Governor of the State of New York, attended the opening of the Tenement House Exhibition of the Charity Organization Society of New York, and looked over the models of tenements, old and new, and the charts which showed the close connection between the housing of the vast majority of that city's population, and health, pauperism and crime, he said to the few of us who had organized this exhibition—"Tell us at Albany what to do, and we will do it." The result was the New York State Tenement House Commission of 1900, the enactment last year of the most advanced code of tenement house laws as yet put in force in any American city, and the creation for the first time in this country of a department directly charged with the oversight of the construction and proper maintenance of tenement houses.

The tenement house problem we had to meet in New York was the most serious of any city in the civilized world, for in New York, according to the last census, out of 3,437,202 inhabitants, 2,273,079, or more than two-thirds, lived in tenement houses, and there were 82,652 of these tenements in the city.

The interest in this particular phase of the housing question is not confined to New York. No one who has followed, even carelessly, public opinion on this subject can fail to realize the hold it has upon the public conscience. It may be that some tremble at the effect upon their own fortunes of a possible social revolution, and seek to protect themselves, for their own sake, by trying to make what they call the lower classes more comfortable in their homes. But the large body of men and women in this country who are giving to this subject attention, are doing so from love of their fellow-men, and an earnest desire to give them in their homes some of the healthful surroundings and comforts they enjoy in their own.

There are few large cities in America in which there is not some tenement regulation, and some agitation for its extension. At the moment there is an active movement in Boston for the appointment of a commission to frame a new code of tenement house laws for that city. There is a similar movement in Chicago and in Cincinnati. Nor is this activity confined to the larger cities. Kansas City in the West, Hartford in the East, Yonkers, Syracuse and Rochester in New York, are already moving in the same direction, and the subject is receiving close attention in Washington, Cleveland and Pittsburg.

The New York law of last winter was a state law applicable to all cities of the first class. It included Buffalo as well as New York, and Buffalo did its full part in securing the enactment of the law. Philadelphia is emphatically the City of Homes, and not of tenements. Fortunately for Philadelphia, its working classes are almost exclusively housed in single family dwellings. It has, as most of you know, an admirable code of tenement house laws, which has proved very useful to us at New York in preparing ours, and it has its Octavia Hill Association to advance the cause of housing reform.

In some quarters benevolent people are proposing to build model tenements. That is good as far as it goes, but if at the same time other people, not benevolent, who have no motive but gain for themselves, are permitted to build tenements which are not models, the extent of progress is very limited. What we must do, first and foremost, is to secure proper legislation, using that term in its broadest sense, to include city ordinance, as well as state law. Legislation to regulate building, so as to secure for new buildings proper air and light space and proper sanitation; legislation to regulate, in buildings old and new, their maintenance so that health conditions may be improved and at least not be impaired; legislation, moreover, that provides the means for its own enforcement, by proper inspection.

Most of us have been brought up to believe that, as owners of real estate, we could build on it what we pleased, build as high as we pleased, and sink our buildings as low as we pleased. Our ideas of what constitutes property rights and what constitutes liberty are largely conventional. They vary with time and place. They are different in different countries. Liberty, proper liberty, to-day, may, under changing conditions, become license to-morrow.

I came home from Europe not long since with a French friend, who had gone home to his native country to take possession of his ancestral estates. He told me of having found the trees grown up quite thickly around his father's country home, and of the difficulties he had encountered in obtaining permission from the public authorities to cut down some of them, which was finally only granted on condition that he replanted elsewhere. That his trees could only be cut down with the consent of the public authorities, and that he could properly be required to replant elsewhere as a condition of obtaining that consent, seemed to him a part of the eternal order of things. He no more questioned it in his mind than we, who live in cities, question the propriety of obtaining from the city building department a permit to build, based upon approval of our architect's plans.

Lecky, in one of his later books, speaking of sanitary legislation, says: "Few things are more curious than to observe how rapidly, during the past generation, the love of individual liberty has declined; how contentedly the English race are committing great departments of their lives to the web of regulations restricting and encircling them." It is not that love of liberty has declined; it is that the English race are meeting new conditions with the same genius with which they have evolved their great system of common law. Living, as most of them did a century ago, in separate houses, and in small villages or towns, every man could build as he pleased and could maintain his building as he pleased without seriously endangering the liberty of his neighbors, but with the steady movement of the population from the country to the city, and the marvelous growth of cities, not only horizontally but vertically, new conditions must be met, and the property rights and liberty of one neighbor must be limited to protect the property rights and liberty of another. If a man built an isolated house in the country, without light or air for the bedrooms, and kept it in such filthy condition as to breed disease, it is a fair question whether his liberty should be infringed by any building or health regulation. He may be fairly left free to suffer the consequences of his own misuse of his liberty. His death, and that of his family, from disease so caused may, as an awful example, do more to advance civilization by making his neighbors more careful, than would his life and theirs under enforced sanitary regulation. But if that same man is separated from you and me only by a board partition or twelve-

inch wall, and our families meet every time they go into the street or into the back yard, his liberty must be restricted in some degree in order to enable you and me to enjoy ours.

How and why has tenement house law been evolved in American cities? In the same way in which the Anglo-Saxon mind deals with any such problems. Just as it evolved common law, and for the same reasons. First a case—that is, an evil—to be remedied; afterward a decision—the application of the remedy, and the establishment of a principle or law by which similar evils shall be remedied. It is not according to the genius of our race to provide the remedy in advance of the supposed disease. Better be sure that the disease really exists, even if some few die from it, and then provide the remedy which will be sure to meet actual conditions, than to burden the community with advance remedies for diseases that after all may prove to be imaginary. Even if the disease be not imaginary, such remedies are apt to be worse than the disease itself. Thus, in Anglo-Saxon countries, a conflagration has usually preceded precautions against fire, and the evils of sunless, airless and unwholesome tenements have preceded any attempt to prevent these deplorable conditions. Eventually we act, and when we do we act practically.

It may be well to define what is meant by a tenement house, for without definition there is infinite confusion in the use of this term. In one of our recent civil service examinations in New York, a candidate, evidently "learned in the law," or supposing himself to be so, defined it as being "That which is neither land nor hereditament." It has its popular and its legal meaning. Popularly, it is used to designate the habitations of the poorest classes, without much thought of the number of families living under any particular roof. The National Cyclopedia significantly says: "Tenement houses, commonly speaking, are the poorest class of apartment houses. They are generally poorly built, without sufficient accommodation for light and ventilation, and are overcrowded. The middle rooms often receive no daylight, and it is not uncommon in them for several families to be crowded into one of their dark and unwholesome rooms. Bad air, want of sunlight and filthy surroundings work the physical ruin of the wretched tenants, while their mental and moral condition is equally lowered. Attempts to reform the evils of tenement life have been going on for some time in many of the great cities of the world."

Legally, tenement is applied to any communal dwelling, inhabited by three, or in some cities four, or more families, living independently, who do their cooking on the premises. It includes apartment houses, flat-houses and flats, as well as what is popularly called a tenement, if only built to accommodate three, or as the case may be four, or more families who cook in the house. It is in its legal sense that I use the term. At first blush it may seem objectionable to class apartment houses, flat-houses and tenements, so called, together, and subject them to the same code of regulation. Practically, it has never been possible to draw any line of separation between different houses which are popularly designated by these different words. Nor has anyone ever suggested any regulation proper for the poorest tenement, using the word now in its popular sense, which would not be voluntarily, and as matter of self-interest, complied with in the most expensive apartment house. Nor is there any certainty that what to-day is popularly called an apartment house may not to-morrow, in popular parlance, be a tenement of the worst kind. My own grandmother, within my own recollection, lived in what was then one of the finest houses, in one of the most fashionable streets of New York. Not long since I passed the house, and noticed on the front door a sign reading, "French flats for Colored People."

In its earliest form (and many cities have not yet passed beyond the first stage) the tenement was a discredited private house, or other building, not originally built for the occupation of several families, but altered for the purpose. Each floor of what was originally a private dwelling was changed so that it could be occupied by a family. Later on—it may be at the beginning—each floor was subdivided between front and rear, so that it could be occupied by two families. One of the chief evils of such tenements arose from cellar occupation, and consequently some of the earliest tenement house regulations relate to the occupation of cellars.

In its second stage the tenement house is built for the purpose, imitating, not infrequently, in a servile manner, the arrangement of the altered house, with its dark rooms, and only gradually being adapted to a new architectural form growing out of its special use. The introduction of running water and city health regulations made it possible and desirable to locate water-closets inside. Courts and air-shafts increased in size. Fortunately, the process of evolution is not exhausted, and is still going on.

The tenement is still regarded in many places as an exotic, not adapted to our climate. But, judging from the history of New York and other cities, West and East, the tenement house has come to stay, and is, perhaps, destined to crowd out other and better forms of housing. I remember well when the first tenement to be dignified by the term apartment house was built in New York. It was in the early 70's. Now it is a prevailing type of new building for dwelling purposes on Manhattan Island. There were no less than 82,652 tenements in Greater New York at the time of the last census. The development of the tenement has been largely influenced by legislation intended to prevent its worst evils. To test the reason for such legislation, and to define its limitations, a brief summary of particular subjects of regulation is desirable.

Protection against fire is almost universal. Structural provisions directed to this end are contained in the building laws of all cities. In New York, Philadelphia, San Francisco, Jersey City, Providence, Syracuse and Nashville, all tenements must have fire-escapes. All tenements over two stories in height must have fire-escapes in St. Louis, Baltimore, Louisville, Minneapolis, St. Paul, Denver, Toledo and Columbus. In Chicago, Cleveland and Cincinnati, this rule only applies to tenements over three stories in height. In many cities tenements must be fireproof throughout when over a certain height. In Philadelphia this is true of all over four stories; in Washington of those over five stories; in New York, Buffalo, Louisville, Minneapolis and Denver, of those over six stories in height. In Boston, the limit is 65 feet.

Light and ventilation are protected by minimum open spaces. In Philadelphia there must be open spaces at the side or rear equal to one-fifth of the lot area, and the minimum width of all spaces is eight feet. In Buffalo, under the local law in force before the general state act of 1901 was passed, the minimum width of any outer court was six feet in two-story buildings, eight feet in three and four-story buildings, and one additional foot in width for each additional story. The minimum interior court was eight by ten. In Boston, a clear open space at the rear must be left equal to one-half the width of the street on which the tenement fronts, and there must be two open spaces at least ten feet wide. In some cities the required court area is expressed in square feet, without regard to minimum width or length, and increases proportionately with the height of the building. This principle is adopted in New York,

where the minimum width of exterior courts in buildings five stories high is six feet on the lot line and twelve feet between wings, and the minimum area of interior courts on the lot line in buildings of the same height is twelve by twenty-four, reduced this winter in three-story tenements to eight by fourteen. Such buildings must have an open yard at least twelve feet wide in the rear. The height of rooms is almost universally regulated, the minimum usually being eight feet. The height of tenements is limited in many cities.

Water supply is prescribed. In New York, water must be furnished on each floor. In Philadelphia and Buffalo, on each floor, for each set of rooms. In Boston, Chicago, Jersey City and Kansas City, in one or more places in the house or yard.

Water-closet accommodation is very generally prescribed. In Philadelphia, and in New York under the new law, there must be one for every apartment. Under the old law in New York, and at present in Chicago and Detroit, there must be one for every two families. In other cities the unit is the number of persons. It is twenty persons in Boston, Baltimore and Denver; ten persons in Rochester.

The reasons for tenement regulation may be roughly classed as follows—precise classification is impossible, as it is seldom that any particular regulation is attributable solely to a single reason:

The protection of property rights in adjacent property. Such is the reason for regulations requiring fireproof construction in whole or in part. Such is the chief reason for limitations of height and for leaving an obligatory open space at the rear of each house so as to preserve thorough ventilation for the block. The protection of neighbors and the community from unsanitary conditions, by which they might be affected, or which might breed contagion. Under this class falls the great body of sanitary law and tenement house regulation of a sanitary kind. That all legislation which falls within these classes can be justified as a proper restraint on the liberty and property rights of some, in order to protect and preserve the property rights and liberty of others, is clear.

There is another and increasing class of regulations intended to protect the life and health of those who cannot, it is supposed, protect themselves by any means within their control. Fire-escapes, which are almost universally required by law in non-fire-proof tenement houses, belong to this class. There is no such regu-

lation for private houses, and there is usually no such requirement for two-family houses. The reason for the fire-escape in tenements and hotels must rest either on the supposed inability of the inmates to protect themselves, as the owner of a private house can protect himself and his family, or else from the greater number of persons exposed to risk. Of such class also is the law providing that there be a separate water-closet for each apartment, as in New York, or for every two families, as in Detroit and elsewhere, and that lights be kept burning in public halls at night. No such regulations exist for private houses. They can be only justified in tenement houses on the theory that the tenants in such houses must live in them, cannot control their maintenance in these particulars, and are entitled to the protection of affirmative law for these necessities or conveniences. It may be answered that they need not rent rooms in houses not furnished with separate water-closets, and the halls of which are not kept lighted, unless they wish to, and that they should not be restricted in their liberty to rent rooms in such houses, it may be at a lower rent, if they so desire. The reply may be, and in some cities would properly be, that they would have no choice unless the law intervened to protect them. Moreover, it might be urged that in the provision for separate water-closets for each apartment, and in the lighting of public halls, there was an element of protection to public health and morals in which the community had an interest, and which the community by regulation should insure.

I have sought by these illustrations to point the closeness of the dividing line between justifiable restriction of the individual liberty of the house builder and house owner, for the protection of the liberty of others, and paternalism. It is undoubtedly true, as Mr. Lecky states in the concluding part of the paragraph to which I have already referred, that "the marked tendency of these generations to extend the stringency and area of coercive legislation in the fields of sanitary reform is one that should be carefully watched. Its exaggerations may, in more ways than one, greatly injure the very classes it is intended to benefit." There is real danger lest in our eagerness and earnestness to improve the condition of others, we legislate from the point of view of those fathers and mothers who are always ready to regulate the affairs of every family but their own, and break down the habit of self-dependence

and the spirit of individual responsibility upon which the vigor of our American social fabric so largely depends

Perhaps the most important limitation to tenement house reform, in the construction of new tenements, is the question of cost. If tenements cannot be rented at a profit they will not be built. There are many things which it would be desirable to have in a tenement, each one of which adds to its cost, and if they be required by law to an extent which makes it unremunerative, tenement building will cease. It is undoubtedly desirable that all tenements should be fireproof throughout; indeed, the same may be said of private houses. In 1892, Boston so prescribed; but few, if any, were erected, and the law was consequently modified in 1899.

The amount of rent which the average American working-man in any particular city can pay approximates a fixed quantity. Any legislation which materially increases this rent, or which prevents building and therefore prevents his finding shelter, is quite certain to be repealed. This proposition, however, is not so discouraging as it may appear at the outset. The standard of living among our working classes is steadily improving. What yesterday was a luxury, to-day is a necessity. In many cities, apartments which are not provided with running water are unrentable. Bathing facilities are increasingly in demand, and are frequently being provided. Families that have once lived in apartments where the bedrooms have light and air, will not hire apartments which are dark and unventilated. The supply must meet the demand. Interest rates are receding; economies in construction are being introduced, which some time ago were unknown, largely by the building of houses by the wholesale. The large profits which were demanded as the normal income on tenement houses in the past are no longer expected. Rooms up to the standard of the modern tenement house law can be provided without increasing the rental.

Another limitation in many cities is the prevailing lot dimension. If Dante were to-day writing his "*Inferno*," the lowest depth would be reserved for those men who invented the twenty-five foot lot and imposed it on so many American cities. In unbuilt districts, where several lots, whatever be their dimensions, can be purchased and built upon together, the lot dimension does not necessarily control the frontage of the building, and the tendency

in such districts in New York is to build tenement houses of wider frontage, which admit of better court arrangement, but there are usually so many lots separately owned, and so many which are situated between lots already built upon, so that their enlargement is impossible, that any proposed legislation prescribing court areas which, however desirable, puts the prevailing lot unit at a disadvantage, will meet with overwhelming resistance. No better illustration of this can, perhaps, be found than the story of New York legislation this winter, of which I intend to speak. From the point of view of proper tenement house construction, happy that city in which land is sold by the front foot, instead of by any procrustean lot unit.

There is another practical limitation, not necessarily to the enactment of tenement house law, but to its permanence, in the extent to which it, either actually or supposedly, interferes with the profits of builders and material men, and perhaps no better illustration of this practical limitation can be given than a simple recital of the contest over the radical amendment of the New York law which has been waged at Albany during the past few weeks, and which terminated only a few days ago. The New York law of 1901 marked the longest step in advance that tenement house reform in that state has ever taken, though in its provisions for court areas, the particular point in which it was assailed this winter, it does not go so far as the Philadelphia law, and but little further than the previous Buffalo law. It unquestionably increased the cost of construction by its fireproof provisions, as well as, though in a less degree, by its larger court areas. That there would be, this winter, organized effort on the part of building and real estate interests to modify it was certain and inevitable. Many bills were introduced amending it, but my illustration only concerns two, the City Administration bill, in the preparation of which I myself had part, and a bill introduced by a Brooklyn member of the Legislature in the interest of Brooklyn builders and material men, who claimed that they represented the people of Brooklyn. It is a fair question whether Brooklyn did not really have a grievance against last winter's law. One of the prevailing types of Brooklyn tenements is a three-story house on a twenty-five foot lot, with two families on a floor, making six families in all, each apartment running through from front to rear. These houses had been built with interior courts or air-shafts about two and a half

feet wide and ten feet long. These light-shafts were supposed to light and ventilate the interior rooms of each apartment. As a matter of fact, they furnished little light or ventilation to any bedrooms below the top floor. The same type of air-shaft in taller tenements of Manhattan was one of the chief evils against which the new law was directed. These evils were undoubtedly less in a three-story building, but still existed. The minimum interior court or air-shaft permitted by the new law in such buildings was eleven feet wide by twenty-two feet long. Such a court prevented the building of this type of house, and no tenements of this type were consequently built on twenty-five foot lots from the time when the law went into effect. The Brooklyn bill sought to amend the law, as respects three and four-story houses, by permitting a return to the old air-shaft, with an increased width of six inches, and with a somewhat increased length, making it three by twelve. We conceded that under the law it was impossible to build this particular type of tenement on a twenty-five foot lot, with each apartment running through from front to rear, but we demonstrated that it was perfectly practicable to build what seemed to us a much better two-families-on-a-floor tenement on such a lot, by putting one apartment in the front and another in the rear; that it was perfectly practicable to build, under the law, apartments running through from front to rear on a somewhat larger lot, and that the law interfered with no other current type except the one in question. The separate front and rear apartments, which were practical under the new law, are usual in Manhattan, and the rent obtainable from the front apartment differs but little from that obtainable from the rear apartment. Our Brooklyn friends insisted that though Brooklyn was a borough of New York and only separated from Manhattan by the East River, Brooklyn people were so accustomed to apartments running through from front to rear that they would not rent rear apartments, and indeed, that the social distinction between families who could afford to live in the front apartment, and those who would be forced to live in the rear apartment, was so great that they would not rent apartments in the same house.

This proposition may seem strained, but we of the City Administration were finally satisfied that so much regard should be paid to local habits and customs, that it was wise to modify our minimum court areas in three-story houses to such a point as would

permit the building of this particular type of Brooklyn house. Plans were then made which demonstrated beyond peradventure that by reducing the minimum court area to 8x14, instead of 3x12, this particular type of house could be built, with bedrooms infinitely better lighted and better ventilated than those opening upon the narrow shaft. One would have supposed that this improved plan, which permitted Brooklyn builders to construct a front-to-rear apartment, for which they claimed so many advantages, would have been received with acclamation as a solution of the difficulty. Not at all. Some insisted that Brooklyn must have what it was accustomed to, narrow air-shaft and all. Others more openminded, while frankly admitting that the new plans made better apartments, which should bring in an increased rental of from fifty cents to a dollar a month, insisted that tenants would not pay more rent, and that because the buildings under these new plans cost say \$800 per house more than under the old plans, they would not be commercially profitable, and therefore would not be built. Not a word was said as to the interests of tenement dwellers. There was no dearth of apartments in Brooklyn at current-rents. Indeed, the supply was far beyond the demand. The whole issue turned on the commercial profitableness of building under the law, as amended by the City Administration bill, to meet this Brooklyn condition. The Brooklyn builders were perfectly frank in their arguments. They started with the premise that the building of tenements in Brooklyn must be made commercially profitable; that buildings under the new plan, with a minimum court area of 8x14, would not be commercially profitable, because about \$800 was added to their cost, and therefore insisted that the law should be amended to meet their ideas of commercial profitableness. That the purpose of the law was not to promote building operations, or increase the value of real estate, but to provide healthy habitation for tenement dwellers, and that that purpose was certainly being accomplished under the new law so long as tenement dwellers could house themselves without any increase in rent, was ignored, nor if it had been urged would it have seemed to them an argument worth considering.

I am happy to say that they did not succeed, but they demonstrated the influence which can be exerted upon the average legislator by men of their type through their trade and allied labor organizations, and had those who, at the moment, represented the

unorganized public in the cities been less active, and had the force of public opinion as voiced by the press been less outspoken, the result might have been different.

The advance of tenement house reform undoubtedly means some diminution in the profit of the landlord, or some increase in rent. Improved tenements must cost more. Someone must pay that cost. If any material rise in rents would produce such opposition to the law as to repeal or modify it, then either the cost must be borne by the landlord, or the law must be modified. Whether the landlord's rent will by the law proposed in any city be diminished below the point of legitimate profit, cannot be certainly demonstrated until the experiment be tried. Some enlightened landlords, with a sense of their obligations toward their tenants, are perfectly willing to suffer this small diminution of income. Others are not, and the others, who usually constitute the majority, in alliance with the builders and material men, will always seek to prevent legislation which affects their pockets. Tenement house reform must always be militant, not only to gain ground, but to hold the ground that has once been gained.

There is something for almost everyone to do. Let none suppose that our cities, however small, will remain free from the evils of the tenement house, which in larger cities has necessarily evolved in self-protection tenement house regulation. The tenement has come to the United States, like the Canada thistle, to grow and to multiply. The smaller cities need not go through the bitter experience which is teaching New York and other cities their lesson. They can, by timely regulation, prevent the crystallization of unsanitary conditions into brick and mortar. I do not recommend the adoption in every city of the New York law. It was framed to meet the special conditions there existent. The remedy should be no greater than the prevailing or expected disease warrants. A few elementary regulations with regard to court areas, vacant spaces, and regular and official inspection to make certain that these simple regulations are followed in construction and that ordinary sanitary rules are complied with in maintenance, will suffice, if there always be a keen eye to look some years ahead, to meet future needs before they make themselves unpleasantly manifest in your own surroundings, and before conditions are created, as in New York, which cannot be changed except at great cost to owners and to the municipality.

The Housing Problem in Chicago

By Miss Jane Addams, Hull House, Chicago

THE HOUSING PROBLEM IN CHICAGO

By MISS JANE ADDAMS

Hull House, Chicago

In considering the housing problem in Chicago, it is at once evident that we are not in the deplorable condition of New York, nor yet perhaps in the happy condition of Philadelphia. Until a year and a half ago, we thought that all our problems in connection with the housing question were in the future. We have a way in Chicago of shoving disagreeable problems into the future, and saying that we will take care of them by and by, when our resources are more adequate, when we have developed a little more civic consciousness. An association of people, however, called the City Homes Association, some eighteen months ago, made a very careful investigation of such tenement districts as we have and their report was startling, even to those of us who knew something of the conditions by daily seeing them.

The time at the disposal of the committee was only six months, and Chicago is very large as to area. We have 187 square miles under city management, and the tenement houses, certainly according to the legal definition given by Mr. De Forest, are scattered more or less through that very large region. It seemed, therefore, better to take three districts, limiting carefully the area of the districts, and to make as careful a study as possible of each. The largest one, in two of the river wards of Chicago, was mainly occupied by Italian immigrants and Russian Jews. The second in size was the Polish district northeast of the business quarter of the city, and the third in size the Bohemian district extended south from the centre. We discovered several things which were very surprising, among them that many of the houses were owned or partially owned by the people living in them. The thrifty Bohemian put his savings into a house, perhaps building at first a house on the front of his lot, living in a few rooms, and so saving rent until he had enough money to build a rear tenement, in the end covering up his lot as much as possible and renting it all out. The Italians to a somewhat lesser extent did the same thing, and the Poles also, so that one could not talk of the effect of

tenement house regulation upon the landlord in contradistinction to the effect upon the tenant, for it is very largely the neighbors of the tenants themselves who are the landlords, and the tenant and landlord are represented by the same type of person. Their interests are identical, not in the larger sense, but in the immediate sense, and they stand together either in demanding or opposing certain regulations. The situation is quite unlike that obtaining in the cities where the landlord lives in some other part of the town, and where tenement legislation affects only his property interests and not his human interests.

We also were very much surprised at the density in certain quarters which this investigation disclosed. If the average tenement house density of the three districts investigated were spread throughout the city, we could house within our borders 23,000,000 people. We discovered one-seventh of an acre which was occupied to the ratio of 900 people to the acre, and if that density were applied to our borders we could house, not very comfortably to be sure, all the people of the Western Hemisphere. This seemed to us sufficiently alarming in a city in which it was said that the matter of density was something concerning only the future. The average tenancy in the houses throughout these three districts was only three families to a house. This average means that in many cases there is no real tenement, but a single house. Again, many of these single houses were very small, sometimes containing but two or three rooms, and the average number of rooms to an apartment was 3 116-1000. Although many houses were small and the tenements for each house again small, in certain quarters the density within the houses was very great and the conditions bad. We also found in these three areas almost a hundred full-fledged double-deckers, and a great many more that only escaped being double-deckers through a mere technicality in the definition that had been settled upon. These double-deckers are growing and, unless we have a more vigorous enforcement of tenement house regulations in Chicago, threaten to become very common there.

In both the building department and in the health department of the city, a great deal is left to the discretion of the inspector. Of course, in the city where the landlord not only owns his house but also lives in it and at least knows which way his tenants vote, this matter of discretionary power becomes an important one. It is very hard for an official to stand out against a certain amount of

political pressure, and the consequence is, that while there are laws fairly good on books this large discretion left to the enforcing officers has made many of them of little account. This is especially true in regard to the yard spaces, which are set between the front and rear tenements, the size of the shafts, and other special regulations. The City Homes Association is trying at present to secure a better code of tenement house legislation, to restrict the discretionary power and thus to limit the very casual and varying judgment of the enforcing official, and to give some sturdy standard in law observances.

In the matter of rents, Chicago is in rather a curious state. The property in the river wards, in which many of these houses are situated, has been held for a long time by its owners upon the theory that finally factories and shipping interests were going to occupy the land. The consequence is, that the little houses which were built very soon after the fire have been allowed to remain, without very much repair and without very much change, and in many cases have become so wretched that only a low rental can be asked for them. The men who own them, content themselves with getting out of the houses about enough to pay taxes and to keep up a minimum amount of repairs. So that the rent of certain houses in the river districts is low. Perhaps this is not low for Philadelphia, although I am sure it will sound low for New York. The average rent paid by an Italian family for an apartment is \$4.92 a month, or \$1.78 per room a month; the average rent paid by a Bohemian family for an apartment is \$5.93 a month, or \$1.64 a room; by a Polish family \$5.66 for an apartment, and \$1.40 for a room; by a Jewish family \$8.28; the average rent rising to \$2.12 a room. Whenever the question of modern tenements comes up in Chicago, and the cost is carefully gone into, it is found very difficult to furnish apartments in good, satisfactorily well-built houses at so low a rental, and yet once this rental has been established, it is found on the other hand very difficult to ask much more than the current rate. By a strict enforcement of law many of these houses should be demolished. That would rid the city of a number of unsanitary houses and bring conditions to a more normal situation.

What Mr. De Forest says about the twenty-five foot lot, I should very much like to corroborate. It is very difficult to erect a convenient house on a lot 25 feet wide and 120 feet deep. This

unfortunate division of property was made in the first instance, doubtless, to enable as many men as possible to own their own separate houses. For a long time we have made a sort of fetish of the house, and have come to believe that a man has a sense of being at home only when he is within four walls standing alone upon one piece of ground. In reality the idea of a home reaches back so much further than the four walls, and is so much more deeply implanted in the human breast than the ownership of land that we do not need to fear that a new type of house will destroy it. But we are timid and would rather be uncomfortable in a little house than to start out in some reasonable way in building apartments. If one has a house $12\frac{1}{2}$ feet wide and 24 feet deep and 24 feet high, one has not a very comfortable arrangement. It is not even rationally divided, but by a purely imitative method; in every house you enter you will find the little hall, the little stairs, and all the other things that presuppose plenty of space. If that same strip of twelve feet had been added to the other strips in the block and the whole treated in some reasonable manner, we could comfortably house the same number of people in a sort of glorified tenement house or apartment house; each family might have at least one large living-room where the members could get together in comfort and have a much better chance for conserving family life than they have in the little square box. Some of us still believe that a workingman has a sense of ownership only when he puts his savings into a piece of ground or the house in which he lives. To tie a workman down to a given piece of ground is often of questionable good. A man may put all his savings into a house on the North Side of Chicago, for instance, and before it is paid for, find himself out of work; his next work may be fifteen miles from that place, in South Chicago. If his house is partially paid for, it is very difficult to get rid of it, and it is also difficult and expensive to travel fifteen miles twice a day. If his property had been in some other form, let us say stocks or bonds, it would have allowed him much more mobility in regard to his labor, and he would have a better chance of adjusting himself to the changing conditions of his trade.

A Housing Conference, it seems to me, ought first of all to look at industrial conditions as they confront the workingman of to-day, not as conditions existed fifteen or twenty years ago, nor as they existed for our fathers. A conference should not consider the workingman of its imagination, nor yet the workingman as he

ought to be, but the workingman of to-day as he finds himself, with his family, with his savings, with his difficulty of keeping a place very long, due to the sudden changes in the methods of his trade. His employer is obliged to make constant changes and adaptations in his factory, but his landlord is afraid to try changes in his house. We hold a certain fiction in our minds of what home is and what it ought to be, forgetting how far back it goes, that it can survive all sorts of changes and adaptations, that the one thing which will kill it is that which kills every living thing, *i. e.*, lack of adaptation to its environment; if it fails to adapt itself to the situation as it really exists, it is for the first time endangered. If the community, as a whole, gives its mind to it, as the Philadelphia community seems to be doing, and knows conditions accurately and thoroughly, I am sure we are going to see very marked changes in the housing of the poorer people of the modern cities, and we shall no more cling to the single house than to the country store. The time may come, when, if in any city, the death-rate rises above the normal, that the body of public-spirited citizens shall at once feel forced to do something about it, that they shall be filled with a sense of disgrace and feel that a disaster has occurred in their city. At the present moment the death-rate is constantly above the normal, in certain quarters of our cities; we allow it to be high year after year, knowing that it is excessive. This apathy can only be explained on one of two grounds, either that we do not know the housing conditions which exist, or that we are so selfish as to have no sense of responsibility in regard to them.

DISCUSSION OF THE PAPERS READ BY MISS ADDAMS AND MR.

DE FOREST:

"Q. Is the discretion, which Miss Addams says is abused in Chicago to such an extent, exercised with regard to the legal court area which should be left unoccupied by the building?

"A. (Miss Addams), I would reply, yes, that buildings are permitted to go up with lesser court areas than provided by law. The matter is so largely in the hands of the office giving the permit that almost every provision is changed. I think we found in this investigation houses which illustrated the encroachment upon and the breaking of every single ordinance found upon the statute books, in regard to the shaft area as well as other provisions.

"Q. I cannot see why the figures mentioned should be unduly low for the rent per room per month, or should be too low to permit a reasonable profit to the owner of property. I have rented a six-room house in Washington, around the corner from one of the best residence districts, for \$3.50 per room per month; furnished rooms in New York, near Columbia University, for \$2.00 a week, and downtown, near the business part of the city, for \$1.50, furnished, with attendance. I wonder if Mr. De Forest can tell us what, under modern conditions in New York City, for example, should be a fair rent which would enable a landlord to get a fair profit on the investment per room per month.

"A. (Mr. De Forest), In New York, rents are, I think, on a business basis. In other words, I do think the landlords expect to receive, and do receive from their tenements a normal income, and in many instances more than a normal income. The modern tenements which are being put up by the City and Suburban Homes Company of New York, which are now being increased in number, do produce a fair income, representing not less than 4 per cent on the money invested. I refer to the buildings constructed at the present time under the modern requirements of the state law.

"Q. The Washington Sanitary Improvement Company paid 5 per cent from the very beginning and rents its flats for about \$3.00 per room per month. The buildings are one to three stories high.

"A. Land is considerably higher in Washington. This land is not less than \$150, and usually \$200 a foot. The price quoted lowest was \$1.78 per room per month, whereas your price was \$2.00 a week, for New York; \$3.00 and \$3.50 per month for Washington.

"Q. We have heard this question from the standpoint of Chicago, New York and Philadelphia, but the clientele of this association, as I understand it, covers the entire country, and I should like to ask Mr. De Forest whether it is not true that the investigation made by the Tenement House Commission of New York disclosed the fact that in virtually every manufacturing city of the country there is to-day distinctly a housing problem for the poor and that definite constructive work needs to be done to remedy the evils.

"A. The investigation made by the Tenement House Commission which covered all the large cities, and some of the smaller ones of the country, includes statistics from twenty selected cities.

It is true that the tenement house problem presents itself in a much less degree in some places than in others; it does so to a much less extent in Philadelphia. In other large cities of the country the housing problem exists to a large extent, and so much so in some of the smaller cities that last winter the cities of the second class in New York State—Syracuse, Utica, Albany and Rochester—took up the problem of regulation in these cities. Jersey City, which is directly opposite New York, and which is a comparatively small city, has some of the worst housing conditions in the whole country.

“Q. About how large a proportion of the population is affected by the housing problem in New York?”

“A. The total population of New York is about 3,400,000. Out of that population upwards of 2,200,000 live in tenement houses, as legally defined, which includes apartment houses. The proportion in Brooklyn is quite as large as in New York, although there is a smaller number of families per house.

“Q. What is a double-decker?”

“A. (Miss Addams), The double-decker was originally, of course, a house, which grew from the fact that there was a front tenement and a rear tenement, and that later the two were joined into one house.

“Q. I would like to ask Miss Addams as to Chicago and Mr. De Forest as to Brooklyn, whether any notice has been taken of the question as to the best pavement for the poor sections of the city, that is, whether asphalt for the lanes and alleys is not, as a rule, cleaner in appearance and in other ways, than other kinds of paving, as cobblestone, for instance.

“A. (Miss Addams), I will ask Mr. De Forest to answer that. Paving is a weak point in Chicago.

“A. (Mr. De Forest), Perhaps I ought to say that I am glad to find some point on which New York has something to say. Most of our congested tenement districts in New York, largely on the East Side, have been paved with asphalt. This is regarded as a matter of grave importance, and was one of the subjects considered by the Tenement House Commission; that in some districts there should be asphalt pavements, because the families almost live in the streets in summer and the children all play there, was one consideration, and keeping the streets clean was another of great importance.

“Q. Do you think that the facilitation of the workingman

in change of residence, either within metropolitan borders, or from one city to another, or from one state to another, is a good thing in contemplation of his privileges and duties as an American citizen?

"A. I think that in industry, as it is now organized, with the sudden changes and fluctuations of skill, if the workman is deprived of the power to sell his labor, it is very bad for him. Then I think the adaptable person is a better American citizen than a person who is planted too hard.

"Q. Are you not, therefore, regarding only the rights and the good that may be done to the individual, eliminating altogether his obligations as a citizen?

"A. What I wanted to say was this, that I think we have a way of relegating all the old-fashioned virtues to workingmen and reserving to ourselves the most interesting and more adaptable virtues. We say to our workmen, do not drink, be thrifty and industrious. These are good but negative. We reserve to ourselves the power of developing an interesting life, and all the rest of it. On general principles, if a man can stay in one place and own his house, of course it is better for him both from a financial and social point of view; but there are exceptions, and we all know that the present industrial conditions imply constant change both in methods and place of manufacture, that if we really understood the workingman's needs and were trying to serve him, we would evolve some such plan as has been evolved in Belgium. A man there puts his savings into the Government Savings Bank, which has all the features of a building and loan association. As I understand it, he may make partial payments upon a house in Brussels, but if his work takes him away from that city to another within the kingdom—let us say Ghent—he may transfer his payments to a house in Ghent. On the other hand he may remain in Brussels, complete his payments until he owns his house or withdraw his stock in his own house, after allowing for proper depreciation, and hold his savings in simple bank stock. The entire arrangement is flexible and adaptable, and transfers the sense of ownership from the simple ownership of land and house, to the more complex one of stock.

"Q. Regarding gardens, playgrounds and gymnasiums, which, in some sections of Philadelphia—namely, the College Settlement—have been located on the tops of buildings for the benefit of children, has that been done in New York and Chicago, and with what success?

"A. I should say, yes, so far as the movement has gone, that is with regard to open playgrounds, not speaking of roof gardens, and with regard to open parks. The small park movement has undoubtedly done a great deal of good, and the children's playground, so far as it has gone. It has not gone to the extent that its friends desire. So far as roof gardens are concerned, that is, the adoption of roofs for recreation, that has not been done so far as I know. It has been thought of and talked of, but never carried out."

Certain Aspects of the Housing Problem in Philadelphia

Report Prepared by the Octavia Hill Association

CERTAIN ASPECTS OF THE HOUSING PROBLEM IN PHILADELPHIA

REPORT PREPARED BY THE OCTAVIA HILL ASSOCIATION

The work of the Octavia Hill Association has been one of detailed management of the houses of the poor and not of investigation, but it cannot let this opportunity pass without describing some of the conditions known to it. No comprehensive report of housing conditions in Philadelphia has ever been made. The Seventh Special Report of the Commissioner of Labor in 1894 on the Slums of Great Cities has interesting data on living conditions at that time in certain sections of the slum districts, while "The Philadelphia Negro," a social study, by W. E. Burghardt Dubois, published by the University of Pennsylvania in 1899, throws a vivid light on the problem in its relation to the colored population of the Seventh Ward. We believe that the time has come for wider consideration of this important subject. Our purpose in this paper is to urge strongly the importance, if not the necessity, of a thorough investigation and that one may be undertaken in the near future before our situation becomes more serious.

Philadelphia had in 1900 a population of 1,293,697 persons, covering an area of almost 130 square miles, with an average density of about fifteen persons to an acre. Of its 258,690 dwelling-houses more than one-half are two-story dwellings, and its average number of persons to a dwelling is 4.91. These facts show that our problems differ radically from those of New York and Chicago and that it is the house built for occupation by a single family and not the tenement, which is the important feature for us to consider. The excellent system which has made Philadelphia famous and has given it a larger proportion of separate dwellings for the working classes than any city of an equal population, has blinded our eyes too long to the evils which have been growing up about us. Until within a few years the building law was practically a dead letter, and no check was placed on the avarice of the landlord in his desire to gain the utmost possible return from his ground space. Even to-day we have no laws for the enforcement of underdrainage and our municipal departments are unable with their small force

of inspectors to cope with the conditions we are facing. These facts have given us problems which though the way to their solution may be plain, yet demand serious consideration.

Philadelphia can be justly proud of the way in which the needs of the regularly employed wage-earner have been met by the small house. In the newer and outlying parts of the city this house is found in its best development. There are rows upon rows, streets upon streets of attractive four and six roomed houses with an increasing number of modern conveniences. Sanitary plumbing, bath, range, furnace, gas, a cemented cellar, a porch and a small yard may be had for from \$15.00 to \$20.00 a month. Three thousand six hundred and twenty-five two-story houses were in 1901 added to the already large number of these and the Building and Loan Associations bear witness to the continued demand and the increase of popular ownership.

Nearer to the centre of the city also, and in the great mill and factory districts, one finds still the individual home, but here the houses are older, the rows seem longer and more unbroken in their monotony and in innumerable courts and alleys there is surface drainage. Here, also, we find the various features of the problem which grows more difficult in the older parts of the city and as the social scale is lowered. In prosperous times, each small house holds one family. In times of industrial depression the house built for one family must with no additional conveniences, no better arrangements for privacy and comfort, accommodate two or more.

For the purpose of this report we have considered mainly the district in the southeastern part of the city where our own work centres.¹ The five wards, where this district lies, contain about one-tenth of the population of the city and cover about one-eightieth of the area or one and three-fifths square miles. The average density of population in these wards is 123 persons to an acre. In the Third Ward the average number increases to 209. The wards are relatively well provided with park area, but the whole amount used for this purpose is only 16.88 acres out of a total of 1030 acres, which shows the crying need there is for more breathing spaces in these congested districts. There are a number of old graveyards which would be valuable additions to the park area if they were so used. The total number of inhabitants in the five wards is

¹The five wards are the Second, Third, Fourth, Fifth and Seventh. One-half of the Seventh extends out of the district towards the west, but shows many of the same characteristics.

127,466. Of these, 50,733 are foreign born, 17,611 are negroes. It is impossible to attempt a description of the many phases of life throughout this region. The large numbers of foreigners are grouped together according to nationality, in fairly well-defined geographical areas, each showing many characteristics of its own national life. The slum districts shift their centres somewhat in the changing of populations, but are seemingly as strongly entrenched as ever and extend over increasingly large areas. Architecturally the buildings show great variety. Quaint, gabled frame houses often in the most dilapidated condition, modern brick dwellings, colonial houses of fine proportions, and tenements are found side by side often in picturesque proximity.

The size of the block in Philadelphia is an important factor in any consideration of its housing conditions. This block averages about 400 feet square. By the purpose of the founder of the city it was intended that each house should be in the middle of the "breadth of his ground, so as to give place to gardens, etc., such as might be a green country towne which might never be burnt and might always be wholesome."¹ This large size has continued to be the plan of the city and has lent itself readily to being cut up into the network of inner courts and alleys which are practically universal. The gardens, however, in all the poorer districts, have totally disappeared. The small house has been crowded onto the ground formerly allotted to them, and the revenue from the land has been increased by an intensive process, which while not building into the air has covered the ground with large numbers of dwellings. It is the limited height of the buildings that is the saving factor. If the houses were high with the consequent increase of overcrowding to the acre, the conditions would be extreme.

From the various types of houses known to us we have chosen for special mention three of those which show most clearly the character and needs of this district. The most striking of these is the occasional large tenement. In the early nineties the great increase of immigration suggested the building of tenements as a profitable investment. The result was a goodly number of scattered houses, built under the law governing the building of the ordinary dwelling-house and showing some of the worst phases of tenement house construction. Narrow air-shafts, lots closely built

¹ Watson's Annals, Vol. I, p. 43.

over, insufficient plumbing, badly ventilated and dark rooms, inadequate fire-escapes, would if multiplied have thrust upon us a problem of a very serious form. These houses hold from sixteen to fifty families. In many instances the yard space is a long narrow strip on which all the rooms are dependent for air and light except those on the front of the building. When the adjoining lot is covered in the same way the result is a narrow well in which sunshine cannot enter and through which there is no circulation of air. In one case, in a house built on the four sides of its ground, sixty-four rooms open on such a well which is seven feet six inches in width, while in another instance a copy of the New York dumb-bell plan is found. This movement was fortunately watched and arrested in its early development. Through the thoughtful action of Mr. Hector McIntosh and with the co-operation of a number of prominent city officials and others, a wise law was framed and accepted by the Legislature. The evil was checked and the building of large and badly arranged tenements prevented.

Under this act of May 7, 1895, the term tenement is defined as meaning every building which is, or is to be, occupied by three or more families, living independently of each other and doing their cooking on the premises. The act provides that not more than 80 per cent of a lot can be built on, except in corner properties, that the width of a yard shall be not less than eight feet, that every room in such houses shall have a window opening upon a street or upon the yard, that every tenement house over four stories high shall be fireproof throughout. It has also stringent provisions in regard to water supply, sanitation, minimum size of rooms, halls, etc. The cost of building is thus so much increased as to be almost prohibitive.

In 1890 the percentage of families living in tenement houses in Philadelphia was 1.44. Whatever the increase in this figure may be in the census of 1900,¹ it remains true that only the poorest live in one and two rooms, and that as soon as a higher rent can be paid, or a small house can be had at a low rent, the change is eagerly made. The management of all large tenements is very difficult, and manifest evils are sure to follow neglect and inefficiency on the part of the owners. Thus, in a community containing so large a number of small houses, the tide was turned from this plan of

¹ The Second Volume of the Census of 1900 is not yet issued.

housing at a critical moment, the results of which are of far-reaching benefit.

The second class of house which is found prominently is that built for one family of the better class and now converted to the use of three or more families of the very poor. In the history of housing in other cities, these houses have formed one step in the evolution of such tenements as we have described. Here, they form the most important phase of our tenement house problem. May it not be that by wisely adapting them to the needs of the very poor they can take the place of the larger tenements and give to Philadelphia the proud distinction of housing these classes in small buildings, which shall avoid the evils attendant upon the herding of many families together? At present, there are large numbers of houses of this class in the older parts of this region and a total failure of any adaptation of the old arrangements to suit the new conditions. The houses are usually well built and the rooms large and well ventilated, but there is no attempt at adequate or sanitary plumbing. The hydrant in the yard is often the only water supply and there is probably but one closet, also in the yard, the privy well of which may be shared by three adjoining houses. Little attention is given to care or management. The repairs are neglected, the stairways are dark, the halls obstructed by extra furniture and rubbish. In many cases the cellars are damp and filthy and give no provision for storage. The yards are obstructed, there are no arrangements for drying clothes.

The law provides that when buildings are altered into tenements certain provisions shall be enforced, but it makes no mention of the need for this alteration in houses so used without changes, nor does it exact any such changes. The landlord of the district is keenly alive to the fact that when alterations are to be made, an affidavit that the house is to be used by only two families will protect him from the exactions of the tenement house law. A special investigation into houses of this class would surely show how the law could be amended to cover their defects and to fit them at a moderate expenditure and under good regulation to meet the needs of the newly arrived immigrant and of the very poor.

This type of houses built for one family and changed into tenements has another and a worse form when it is used for what is known as a "furnished room house." There is a large, and it is believed a steadily increasing, number of these in the older parts

of the city and where conditions have greatly deteriorated. There are no data on which to estimate their number. A thorough inquiry could be made only with police or other authority behind the workers. These houses are tenements and have all the objectionable features of tenements in a marked degree, besides others peculiar to themselves. These features are intensified by the character of the tenants, who are of the lowest class. Sometimes the houses are used for immoral purposes, and the occupants generally are shiftless, intemperate and slovenly. Some few are deserving families where the breadwinner is out of work. Their conditions are deplorable, and they have not even the stimulus to decent living that comes from the ownership of household goods. The buildings are generally old, and ill-adapted to the number of people crowded in them. The rooms are rented by the week at prices ranging from \$1.50 to \$2.50 per room. They have the scantiest possible equipment of old and dilapidated furniture. They are dirty and unventilated; the beds and bedding indescribable. Water is seldom found above the ground floor. Bath-tubs are unknown or used for storage. In most cases there is but one closet in the yard for all the tenants of the house. The yards, as a rule, are filthy. There is no apparent effort at cleanliness or supervision. One room is the ordinary rule for one family, with frequent boarders in addition. In some cases the large rooms have been divided by flimsy partitions, and each half is occupied by a family. The primary need of these houses is frequent and efficient inspection. This is more urgent than in a case of ordinary tenements, as the occupants are the lowest and the poorest, and unable or unwilling to make any efforts in their own behalf. In no way can the Health and Building Department regulations be enforced, nor any general improvement in the condition of these houses be effected, except by a system of periodic inspection, followed by action by the proper city departments. It is entirely possible that a thorough investigation of these houses made under adequate authority throughout the city, would show the prevalence of conditions warranting a system of licensing—the license to be revoked upon failure by the landlord to enforce reasonable regulations as to cleanliness, decency, overcrowding, etc.—in addition to the present laws applying to all tenement houses.

The third class of houses to which we would draw special attention is that of the rear dwelling, a small two or three-story

house, built sometimes singly and sometimes in rows of from two to eight or ten houses on the rear of the front house. This plan of building has been characterized as the horizontal rather than the vertical tenement. The entrance to the row is by a narrow passage-way from the street or court. This passage-way is also frequently the means by which the surface drainage is carried to the street or to an open sewer-connection at its entrance. The space in front of the houses is the only yard. Sometimes this space widens at the end of the entrance-way and there is a double row of dwellings facing each other and covering the rears of two or three front lots. Sometimes again the open space forms a square with houses on three sides. Thus one comes unexpectedly on a little community whose existence one has not imagined. More often, however, the narrow passage-way runs the whole length of the row and in many cases the brick wall of an adjoining lot shuts away all air and sunshine and makes a prison of the little court.

In a careful investigation made by the college settlement into the sanitary condition of one block in its immediate neighborhood, this type of house was strongly illustrated. Out of a total of 196 houses in the block, over 90 were rear dwellings, and but a small proportion of these was underdrained. The building of rear houses is now prohibited by law. Such an investigation as we ask for would show many localities where some houses should be torn down to give light and air to the others, and other cases where the courts should be cut through or entirely demolished. Where the conditions are good, however, these houses meet the needs of the very poor and offer the advantage of an individual house, at a low rent, even though it involve the common use of yard space and closet and water conveniences.

Enough has been said about sanitation to show the great need of reform. The death rate is not the only gauge of the sanitary condition of the neighborhood. It is shown also in lowered vitality and poor health for which there are no statistical returns. The prevalence of surface drainage in Philadelphia is very imperfectly realized. Of its 1500 miles of streets, according to a Bulletin of the Department of Labor in 1901, there were in that year 419 miles that were unpaved, and 613 miles without sewers, leaving a balance of at least 193 miles of paved streets without underdrainage. In streets where drains have been laid, many houses have not been connected. The open drains still run through the great

majority of alleys, where the decaying matter stands in the gutters and when dried is scattered about by the wind. Neglected and foul privy wells are frequently found. The people are eager to tell their grievances and many are submitting patiently to intolerable conditions.

The most essential step now to be taken by the city is systematic and frequent inspection of sanitary conditions. If it is not possible to enforce underdrainage at once, such inspection would cause it to be enforced where flagrant nuisances exist, and the moral influence of an official would stimulate to better standards. The Board of Health can make but rare inspections on its own initiative and its small force of twenty inspectors of nuisances is unable to respond promptly to the numbers of complaints made to it. If this force and the force of the Bureau of Building Inspection were largely increased, with added powers, the evils of insanitary dwellings and of the evasion of the building law could be readily dealt with. There is no large city where these problems could be more easily solved.

To prove more fully the need of such measures we hope that an investigation full enough to give a comprehensive knowledge of existing conditions may soon be made. The results of such an investigation would not only promote these reforms, but would suggest other means of undoing the evils which have arisen from our long neglect and of safeguarding the future.

We have spoken thus far of the need of reform through legislation and the strengthening of the municipal departments whose work is so important in these districts. Such measures are necessary for all classes; it is for the very poor that something more is needed. The principle cannot be too strongly set forth that it is the management of the dwellings of the poor, whether they live in courts or tenements, that is to be the means of securing to them health and comfort, of giving them, in reality, homes. Miss Octavia Hill began in London in 1864 the work that was destined from the strength of its underlying principles to become a significant factor in dealing on these lines with the housing problem in Europe and also to some extent in this country.

While considering that the "spiritual elevation of a large class depends to a considerable extent on sanitary reform,"¹ Miss Hill believes also that sanitary improvement itself depends upon the

¹ "Home of the London Poor," by Octavia Hill.

educational work among grown-up people and that this work must be effected by individual influence. It is this influence in the hands of the landlord or his representative that is so great a power, and can be used either for weal or woe.

Miss Hill's plan is not to tear down old buildings and to begin anew, but to improve existing conditions gradually as the tenants are trained gradually to appreciate and desire better things. This work is done with the assistance of large numbers of volunteer rent collectors, each one of whom is specially trained and is given a small group of tenants to care for. We quote from Miss Hill as to the duties of the collectors: "We have tried so far as possible to enlist ladies who would have an idea of how, by diligent attention to all business which devolves on a landlord, by wise rule with regard to all duties which a tenant should fulfill, by sympathetic and just decisions with a view to the common good, a high standard of management could be obtained. Repairs promptly and efficiently attended to, references carefully taken up, cleaning sedulously supervised, overcrowding put an end to, the blessing of ready money payment enforced, accounts strictly kept and, above all, tenants so sorted as to be helpful to one another." The relation thus established on a basis of mutual obligation is one of real and often enduring helpfulness, and the opportunities for service are almost unlimited.

Miss Hill's work has from the first been on a sound business basis and has given excellent financial returns. She has never formed any association of the owners of the many properties under her care, or of the workers who manage them. She has felt that the work is freer, and more real when thus untrammelled.

Many cities have followed the example of London in this plan of work. That of the Edinburgh Social Union is of unusual interest. It believes, as we must all believe, that the "immediate question to face is how to make the best of present conditions, how to raise the standard of comfort without waiting for legislative changes." Its reports tell a story of successful growth which is full of valuable and suggestive experience.

In Philadelphia the need for the extension of such work grows to us stronger and more insistent as we learn more of the neglected places of our city, of the many streets and courts which need such influences as these. We believe that this work must grow and that there will come also a more realizing sense of the responsibility of

the community for the welfare of its people. In the wise control of new building, and of the apartment houses which may be tenements in the future, by planning for wide streets and many open spaces, by the awakening of higher civic standards we shall come also to a higher social order. "Victory over evil at its source and not in its consequences; reforms which shall regard the welfare of future generations, who are the greatest number."¹

EDITOR'S NOTE.—The Octavia Hill Association is a stock company organized to improve living conditions in such neighborhoods as those described in the foregoing paper, on lines similar to the work of Miss Octavia Hill in London. Its aim is to improve old houses and small properties rather than to build new ones. It uses women rent collectors, both paid workers and volunteers. The Association was organized in 1896 and has a capital stock of \$50,000; it has paid yearly dividends of 4 per cent and 4½ per cent. Its capital is invested in houses which when purchased were typical of the classes above described. These houses have been properly altered and repaired and demonstrate the possibility of overcoming such conditions and yet receiving a fair financial return. The Association assumes also the management of property for other owners. It has seventy-seven houses now under its care, sixty-five of which are small houses for separate families, and twelve are tenements of a medium size, averaging eleven or twelve rooms each. The Association desires especially to extend its work of managing the properties of other owners, believing that the relation thus established is stronger and more enduring than where the ownership is in a company. Its directors are:

Nathaniel B. Crenshaw, President, Girard Trust Company, Broad and Chestnut streets; Miss Hannah Fox, 339 South Broad street; Mrs. William F. Jenks, 920 Clinton street; Mrs. Thomas S. Kirkbride, Secretary, 1406 Spruce street; Hector McIntosh, 605 North Sixteenth street; Miss Helen L. Parrish, 1135 Spruce street; Mrs. William M. Lybrand, 139 East Walnut Lane, Germantown; George Woodward, M. D., Chestnut Hill; C. H. Ludington, Jr., Treasurer, 425 Arch street.

¹"Lessons from Work." (B. F. Westcott.)

The Housing Conditions in Boston

By Robert Treat Paine, Esq., Boston

THE HOUSING CONDITIONS IN BOSTON

BY ROBERT TREAT PAINE, ESQ.

Boston

The housing conditions of Boston may be studied under five aspects:

1. The growth of population compared with the increase of houses.
2. The facilities for the building of new houses by private enterprise.
3. The influence of philanthropic efforts in building model blocks and separate homes.
4. Building laws.
5. The diminution of slum conditions.

1. The following table has been prepared by Dr. E. M. Hartwell, statistician of Boston.

POPULATION AND NUMBER OF DWELLING-HOUSES WITH PER CENT OF ANNUAL INCREASE.

Year	Estimated Population.	Per Cent Increase.	Total Number of Dwelling-Houses.	Per Cent Increase.	Of those Vacant Dwellings.
1891	457,772	2.07	53,420	2.42	1,104
1892	467,260	2.07	54,853	2.67	1,269
1893	476,945	2.07	56,730	3.42	1,446
1894	486,830	2.07	58,310	2.79	1,866
1895	496,920	2.07	60,039	2.96	1,964
1896	509,102	2.45	60,278	.40	2,205
1897	521,583	2.45	61,573	2.15	2,127
1898	534,370	2.45	62,850	2.07	2,647
1899	547,470	2.45	63,890	1.65	2,902
1900	560,892	2.45	64,886	1.56	2,686
1901	573,579	2.26	65,600	1.10	2,627

In the ten years from 1891 to 1901, while the population increased from 457,772 to 573,579, or 25.3 per cent, the number of dwelling-houses increased from 53,429 to 65,600, or 22.8 per cent, not quite keeping pace; and though not a few of the new buildings

are capacious tenement houses, yet actual conditions have probably not improved. It is to be noted that 4 per cent of the dwellings are vacant.

2. The facilities for the building of new houses in the suburbs steadily increase. The suburbs of Boston are deservedly healthy and are ample for a vast population.

The President of the Boston Elevated Railway Company has furnished the following statistics, which show in the last five and ten year periods a marvelous development and explain the exodus outward from the crowded centre into happy and healthy suburban life on some of the hundred hills which make these suburbs so attractive. This outward migration shows no sign of culmination, but is still under full headway.

The running time of the cars has improved so that it now averages nine miles per hour on the whole system, against six miles or less ten years ago when horses were used, and within the last five years it has been reduced about 8 per cent. The track mileage increased from 260 miles in 1891 to 296 in 1896 and 408 in 1901. "For the year ending September 30, 1891, we ran 2,326,274 trips, 17,462,572 miles, carried 119,264,401 revenue passengers and 8,466,311 free transfer passengers. The average length of each trip at that time was 7.5 miles. Five years later we ran 2,822,142 trips, 25,841,907 miles, carried 166,862,288 revenue passengers and 17,566,361 free transfer passengers. The average length of each trip was 9.16 miles. Five years later, or for the last fiscal year, we ran 3,883,737 trips, 43,631,384 miles, carried 213,703,983 revenue passengers and 65,000,000 free transfer passengers. The length of each trip had increased to 11.23 miles."

The co-operative bank system has greatly promoted the construction and separate ownership of the modest and cosy little homes springing up so rapidly in all the suburbs of Boston. The Pioneer Bank was started in 1877, and to-day there are in Boston eighteen of these co-operative banks with a capital of \$5,029,478, nearly the whole of it loaned out on small estates. A score of years ago it was no easy matter to obtain a "building loan," but co-operative banks have perfected the system of loans to builders upon houses "in process of construction." The admirable process of small monthly payments not only educates the borrowers into habits of saving, but in a few years reduces the loan, so that the old-fashioned savings banks with their immense capital can take

up at lower rates these loans, when they are reduced to the statute limit of 60 per cent of the value of the estate. Hence it is the case that the \$5,000,000 of co-operative bank capital by no means measures the full beneficial influence of this system in the growth of suburban homes.

3. The influence of philanthropic enterprise, compared with that of private business, has been insignificant.

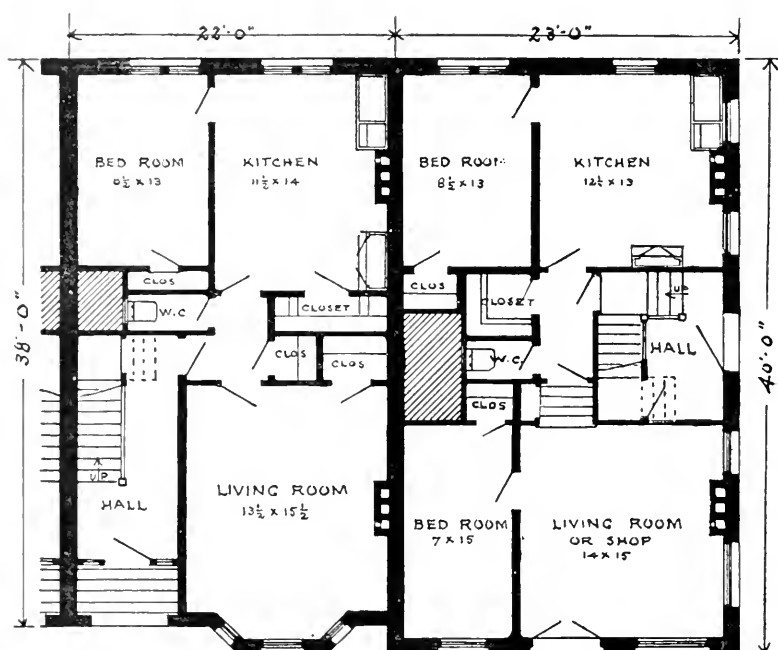
Three incorporated societies are working in a small way, the oldest, the Boston Co-operative Building Company, chartered in 1871. With a capital of \$292,000, it has about \$400,000 invested in seventy-eight houses with 985 rooms, occupied by 311 families containing 1,023 persons.

The Harrison avenue group of twenty-four three-storied brick houses—each, except the corners, arranged for three families—has attracted deserved attention, with its hollow square in the centre, tastefully arranged as a playground for the children, and a bit of beauty for the parents.

The company has just started to reproduce this hollow square on its last purchase of 33,000 feet on Massachusetts avenue. Mr. A. W. Longfellow, the architect of the Harrison avenue group, furnishes this plan of a corner and a normal interior house just completed on Massachusetts avenue, showing the latest developments of model tenement house design, and also a land plan.

The thirty-one years of life of this company show many vicissitudes: 7 per cent being earned for some years, and then from 1876 to 1889, dividends were stopped or reduced to 3 per cent and earnings were invested. Recently dividends have been 6 per cent or 5 per cent. But the capitalization of undivided profits has been so large, that it is not possible to ascertain what the just annual earnings are from year to year, and hence the educational influence is lost upon other capitalists who might be incited, by a clear and exact statement of facts, to follow the most commendable lead of this company in building the very best model tenements and having them managed by the considerate care of women agents.

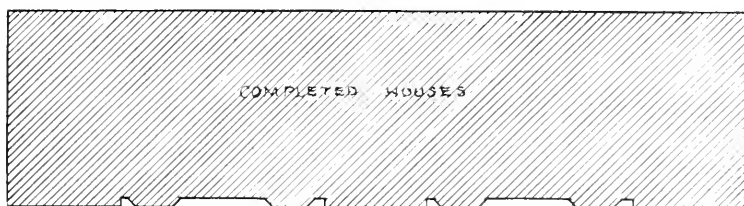
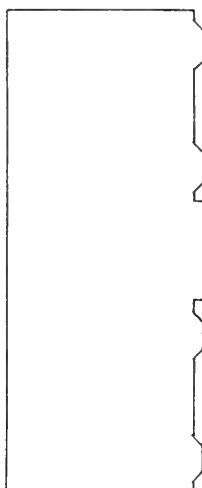
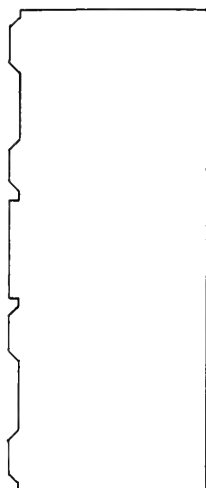
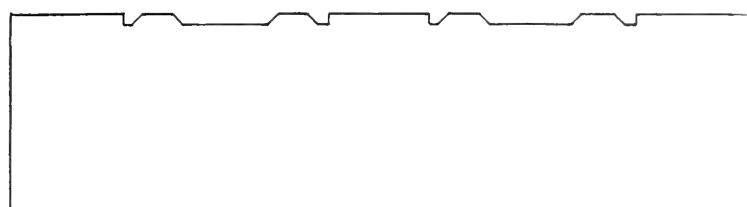
The Workingmen's Building Association was organized in 1888, to build small separate houses for sale. Its first purchase of 668,591 feet, about three miles out in Roxbury, was most successful. This tract was divided into 150 lots, averaging 4,457 feet, so that one acre has ten lots, with an estimated population of sixty to seventy souls.



SECOND FLOOR LIVING ROOM
11½ x 15½ ~ HALL BED ROOM 9 x 10½

SECOND FLOOR LIVING ROOM
12½ x 15 ~ BED ROOM 8½ x 15

FIRST FLOOR PLAN OF TWO HOUSES OF THE
MASSACHUSETTS AVENUE BLOCK FOR THE
BOSTON COÖPERATIVE BUILDING COMPANY &
· A. W. LONGFELLOW · ARCHITECT ·



PLAN SHOWING ARRANGEMENT OF BLOCKS ON MASS. AVE. LOT [50'x200']
AS PROPOSED FOR THE BOSTON COÖPERATIVE BUILDING COMPANY 々々々
A.W. LONGFELLOW ARCHITECT BOSTON

The houses cost from \$1,800 to \$3,000, and were almost all for single families, total cost of a house and land varying from \$2,600 to \$4,500. They were all sold by 1894. Its next venture in Dorchester found the demand for single houses painfully reduced in the depression of the last seven years, while a marked preference shows itself for "two-family" or "three-flat" houses.

This company has not succeeded in building houses at lower cost, to its great regret.

4. The building laws of a city greatly influence results. Boston was startled by its great fire of 1872 into creating a stringent code. This was remodeled in 1885, chapter 374. After a commission had studied the subject anew, the present code was enacted in 1892, chapter 419, with subsequent amendments.

Two features are especially important: (1), the percentage of the area of a lot which may be built upon; (2), the height of the buildings and the provisions as to fire-proof construction.

The law of 1892 permitted three-quarters of the area to be covered, measuring to the middle of the streets on which the lot abuts. This proviso, however, would allow a building to cover the whole of a lot sixty feet deep on a forty-foot street. The act also required two exposures on open spaces at least ten feet wide, of an aggregate length of one foot, for every twenty-five square feet occupied by the building.

These last provisions, however, were found not to prohibit the construction of a huge four-storied tenement house on a lot forty-two feet wide and 101 feet deep, built on a dumb-bell plan, with only about two feet of open land across a part, but not the whole, of the rear. It was the erection, in 1894, of this barrack, which led many observers to doubt whether these new conditions were not worse than the old; whether these vast tenement houses, sometimes called model houses, were not far worse in many essentials for the health and welfare of their occupants than the little old houses, often built of wood, which they replaced. These views are confirmed by the deliberate judgment which Miss Octavia Hill has put on record in her valuable chapter in the second volume of Charles Booth's great work on London.

The construction of this great tenement house, with such trifling rear light, occasioned the act of 1895, chapter 239, which reduced the area to be occupied from 75 to 65 per cent, and also required an open space across the whole rear of the building, and

of a depth equal to one-half the width of the front street, not exceeding twenty feet, or an equivalent area of open space in the rear of other dimensions.

The act of 1897, chapter 413, section 9, exempts corner lots from this requirement of open rear land, and also gives the Building Commissioner discretion to accept "an equivalent area of open space in the rear or on either side of such building."

It is worthy of note that these requirements are less stringent than those in the new tenement house law, chapter 334, of 1901, for Greater New York, which limits the building to 90 per cent of a corner lot and 70 per cent of any other lot.

Secondly, the law of 1897, chapter 413, section 3, required every tenement house to be a first-class building, *i. e.*, "of fire-proof construction throughout." It was at once apprehended that this requirement, that all tenement houses must be of fire-proof construction, would stop the building of tenement houses for tenants paying moderate rents. Subsequent investigation showed, that after existing permits had been exhausted, few, if any, tenement houses were built with tenements renting at \$16 a month or less. Reaction set in, and by the act of 1900, chapter 321, the requirement of fire-proof construction was removed from tenement houses of not more than four stories and not more than fifty feet in height, but here again came a proviso limiting these houses to "two families, or less, above the second story."

This is the present tenement house law of Boston. It seriously handicaps the construction of tenement houses, but whether this is too stringent, and the influences are harmful, is not yet apparent. So far as an impulse is given to scatter the population out into the healthier suburbs and into the small, separate, detached suburban homes, each with its little plot of land, instead of the fearful overcrowding of families in the huge new tenement houses, students of the social welfare of the people must certainly rejoice.

In the old North End of Boston, where population is densest and rentals are highest, the erection of new tenement houses and the remodeling of old buildings into tenement houses are visible in many of the streets. On the other hand, in the southerly part of old Boston, such enterprise is nearly at a standstill and rents are falling, owing probably to the greater attractiveness of the neighboring suburbs.

The definition of a tenement house by the number of tenements, rather than by the number of rooms, discriminates with unintended harshness on just that class whose welfare ought especially to be studied, the very poor, the lone widow, the widower, the parent with a single child, who always find with difficulty a single spacious room, and usually pay higher rents because of the short supply of such much-needed accommodation. Twenty years ago a committee of the Associated Charities made a report to show the importance of building tenements of a single room and to call the attention of capitalists to this need. A small one-storyed house with only four rooms, adapted for the needs of four separate women, must conform to all the expensive provisions of the tenement house code.

A just and judicious amendment should define a tenement house as having more than three tenements "*and containing more than twelve rooms.*"

Workers among the poor were surprised last year at orders issuing from the Board of Health, for single tenants to vacate single rooms. Such a notice was nailed on the door of the large "square room" in the model block of the Boston Co-operative Building Company, on Canton street, occupied by a lone old woman. It is supposed that this mistaken policy has been abandoned.

A strange thing happened in 1892; the building law of that year, chapter 419, in its final section 138, repealing numerous laws, included a repeal of the health provision, 1885, chapter 382, section 4, defining for health purposes a "tenement house." So that since 1892, the Board of Health has been shorn of so much of its powers over tenement houses as depended on the definition, so carefully inserted in the health law of 1885, which has been since then the health code of Boston. Perhaps it is stranger still that no allusion can be found in the annual reports of the Board of Health, to this mysterious and probably unintended curtailment of health powers, the exact legal effect whereof no man can tell.¹

¹ The Board of Health, in their report for 1900, (p. 46) say: "A tenement house in Massachusetts is one occupied by four or more families, while in New York it is one occupied by three families which was the law in Massachusetts until the statute was amended in 1894." This sentence is rich in blunders. No amendment was made in 1894. The Health Act of 1885, chapter 382, section 4, defined a tenement house as one with "more than three families." The Act of 1889, chapter 450, section 4, changed this to "more than two families." But the whole thing was repealed by 1892, chapter 419, section 138, so that *since 1892 there has been no definition at all of a tenement house in the health code of Boston*.

5. A crusade for the extirpation of the slums of Boston has been waged for the last fifteen years, thus far with no great success. Housing conditions are justly to be condemned so long as old, dilapidated and unsanitary buildings are allowed to stand, often so overcrowded upon the land that sunlight and air are practically shut out. Such conditions are a disgrace to any city. They tempt the most wretched of the poor, or vicious, or criminal classes to worse degradation. The bread-winner loses his health, which is his only wealth. Children grow up in shameless loss of self-respect. Frequent visitors are physicians, police officers, and charity agents; physicians to struggle with needless disease, the police to arrest criminals created by their foul environment, and charity agents to relieve countless varieties of want caused by cruel and unjust conditions of life.

Private initiative has been struggling in these years to secure more vigorous action by the Board of Health in the destruction of the worst slums. Prof. Dwight Porter, acting under the auspices of a voluntary committee, made an investigation and "Report upon a Sanitary Inspection of Certain Tenement-house Districts in Boston," in 1888, which really started the movement.

Committees of the Associated Charities have lodged indictments against many vile slums and have been heard by the board. In 1891-2, the state caused the Bureau of Labor to make a thorough and exhaustive investigation. The report of Hon. H. G. Wadlin sets forth in two volumes the results. (22d and 23d Annual Reports of the Bureau of the Statistics of Labor. "A Tenement House Census of Boston," made pursuant to chapter 115, Resolves of 1891.)

Sanitary conditions were classified under five heads: excellent, good, fair, poor, and bad. It may be truly stated that tenements falling so low as to be classed "bad" are so intolerable as to demand most summary measures for their destruction, yet 1,346 houses were found to deserve this just but terrible condemnation (Vol. 1, p. 577).

"It may be safely assumed that whenever a tenement was designated as entirely bad as to its inside condition—that is, to be more explicit, was bad as to facilities for light and air, ventilation and cleanliness—such a tenement was unfit for human habitation. The existence of such tenements forms primarily *an indictment against the landlord* who is responsible for their condition. They

should either be abandoned or improved. In some cases such improvement as would render them suitable for occupancy can easily be made; in other cases, no doubt, they should be permanently abandoned." (Vol. 2, p. 417.)

"The existence of defective outside sanitary conditions is, upon the whole, *an indictment against the city*; for while some of the defects are due to unclean or poorly kept private ways and alleys, the responsibility of the city for the existence of such defects can hardly be avoided." (*Italics are the writer's.*) (Vol. 2, p. 418.)

In the reports of the Boston Board of Health no allusion is found to this fearful indictment by the authorities of the Commonwealth, or to the following municipal report.

In 1895 a special committee of the Common Council was appointed to consider what improvement could be made in the tenement districts of Boston, and what legislation was needed. They made a very brief "Partial Report" (Document 125 of 1895) from which may be quoted:—"In the North End the tenement houses are to-day a serious menace to public health. . . . The most astounding circumstance in connection with this investigation that attracted the attention of your committee is the social and financial standing of the owners of the most of these tenement houses."

In 1897 a study was made, under the direction of the Tenement House Committee of the Twentieth Century Club, of certain typical slums, and the results were published with plans of some seven areas where buildings were old, dilapidated and so overcrowded on the land, that no remedy was possible except destruction either of all or of many of the tenements. ("Some Slums in Boston," by H. K. Estabrook, May 15, 1898.)

A public hearing was granted by the Board of Health on June 27, 1898, and many competent experts and real estate owners testified to the intolerable conditions. Mayor Quincy attended the hearing and promised strong support. Commendable progress was made in vacating or destroying some of the worst slums for about three years. But the exercise of the power to "destroy" seems recently to have been paralyzed, perhaps, as a result of pending litigation.

The law grants two powers to the Board of Health to deal with these evils. Since 1850, chapter 108, tenements may be "vacated" if adjudged unfit for human habitation. This power should be exercised only after thorough investigation and on deliberate

judgment, setting forth true and sufficient causes. It may easily work grave injury to owners if exercised unjustly. Yet, when justly exercised, orders to vacate should be adhered to and not lightly rescinded because of political or other pressure. Observe that this power to vacate requires no destruction of the building and cannot justly prevent use of the vacated tenement for other fit purposes, not of human habitation.

In 1897, chapter 219, the power to destroy [the statute word is "remove"] buildings first appeared in Massachusetts. Its origin is interesting. The British "Housing of the Working Classes Act," 1890 (53-54 Vict., chapter 70), sections 30-37, is the origin, so far as I know, of this new power "to order the demolition" of a "dwelling-house" "unfit for human habitation." Section 38 enlarged this power and made it apply to "obstructive buildings," thus condemning one building because it injures another building. It is surprising that any American lawyer could suppose that such a power would be sustained in America, where the unlimited powers of the British Parliament are much curtailed by constitutional safeguards.

Yet New York soon copied this British Act (1895, chapter 567, amended by 1897, chapter 57) in shape so condensed as to make its injustice more conspicuous. This act was enforced for a few years in the city of New York, till owners of property began to defend their rights in court. The suit of *Dassori vs. the Health Department of New York* has settled that this law cannot be enforced to its full extent.

"Proof that rear tenement houses, each five stories high, lighted only from a court on the west or front from five to eleven feet wide, and a space or opening of eleven inches wide at the southeast corner of the court, and a space on the east side of eight inches filled with all sorts of filth, occupied by 115 persons, showing a death-rate almost twice the normal one, damp, filthy, infested with vermin, and filled with foul smells, and by their construction interfering with the light which would otherwise have been enjoyed by tenement houses on the front of the lots, justifies a finding that the rear tenement houses are unfit for habitation, but does not necessarily establish the fact that they are not capable of being made fit for other uses to which the owner might lawfully put them, nor does it show that the nuisance could not be abated in any other way than by their destruction.

"The owner of a tenement house cannot be compelled to submit to its destruction, if it is on his own land, merely because some building adjacent to it is, by reason of its existence, deprived of proper ventilation." (N. Y. Health Dept. *vs.* Dassori, Appellate Division Reports, Vol. 21, p. 348. October, 1897.)

Boston deserves no credit for the slovenly shape in which this faulty law was reproduced, 1897, chapter 219, closely following the language of the New York act. First the power to vacate is set forth, yet while covering the same ground as our ancient and well-tried statute (1850, chap. 108; Pub. Sts., chap. 80, sec. 24; Revised Laws, chap. 75, sec. 71), neither repeals nor amends it. Then follows the power to order "removed," *i. e.*, destroyed, a building irretrievably "unfit for human habitation."

Statute 1899, chapter 222, enlarged these powers of the Board of Health so that the order may be not merely to "vacate" a building "unfit for human habitation," but to "cease to use" a building "unfit for use"; the power to order buildings destroyed remaining limited to those "unfit for human habitation."

The suit (October, 1900) of Holland *vs.* Durgin *et al.* (Board of Health) has gone on appeal to the Supreme Court. It raises interesting questions as to this last statute, its constitutionality, the lawfulness of a decree to remove, without previous notice to or opportunity to be heard by the owner, as well as the lawfulness of an order to remove stables occupied by horses and sheds only for storage as "unfit for habitation" (*sic*), the statute language being "unfit for human habitation."

The Board of Health is thus clothed with transcendent powers, whose exercise vitally affects the physical and moral welfare, especially of that large portion of the people who are lowest in the economic scale. These powers should only be lodged in the hands of men of strong character, sound judgment, sanitary experience and genuine love for the plain people. Yet the action of the Boston Board of Health has been characterized for many years past by mysterious apathy.

The law provides that the Board of Health shall make annually "a full and comprehensive statement of its acts during the year, and a review of the sanitary condition of the city," yet in the annual volumes of the last ten years the space devoted to the sanitary condition of the city has been utterly insignificant.

"To this subject, houses vacated, nearly a whole page is

devoted in the report for 1892; nearly two pages in the report for 1893; from four to six lines in each of the reports for 1894, '95, and '96; and not one word in the report for 1897. Throughout the 122 pages of this last report, this extremely important duty to vacate houses unfit for occupancy is not mentioned.

"The report for 1895 says only this: 'The number of houses which the board has ordered vacated during the year because of their unsanitary condition is 112; of this number, however, a very large per cent were put in a satisfactory condition before the expiration of the time allowed the occupants to quit the premises, and in such cases the orders were not enforced.' The report for 1896 simply quotes this one sentence, word for word—except that '121' is substituted for '112.' This one sentence, then, is the 'full and comprehensive statement' of the acts of the three years, 1895-7."

In none of these reports since 1892 "is a list given either of houses ordered vacated or of houses actually vacated, yet hundreds of other lists and tables are given, as lists of stables ordered discontinued, of passageways paved, and even of minor defects in certain houses. While in the reports of the New York Board of Health there are complete lists of houses vacated and of those demolished, in only two of our reports, those for 1892 and '93, are any of the houses ordered vacated named."

The objection of injury to tenants by the destruction of slums has no weight. The Associated Charities (Report of 1898, pp. 40-48) seized the occasion of the building of the South Station and the change in the neighborhood, in 1897-8, to cause a careful study to be made of the results upon the welfare of the twelve poorest families known to them when that sudden and forced migration occurred. "It brought out the interesting fact that in every case the condition of the family was improved by the change."

Death-rates by wards are shown in the annual report of 1901 of the Registry Department of Boston for the first time, so that it is possible to compare. The ghastly fact stands out that the death-rate in some wards is more than double what it is in the healthier wards, viz: one person dying in the year 1900 out of 39 in Ward 7, 40 in Ward 13, 41 in Ward 6, and 42 in Ward 5, contrasted with one in 81 in Ward 25, 72 in Ward 24, 71 in Ward 23, 69 in Ward 20 (p. 5).

Now that this table proves how the murder of the innocents

goes on, the public conscience should be aroused. Statisticians will also tell us that the ratio of sickness keeps pace with the ratio of death, so that sickness among the poor, with its train of evils, is twofold more than good sanitary conditions should tolerate.

The model buildings of London have told the world what a powerful influence upon the length of life (and of course upon the amount of sickness) of their occupants is exerted by healthy homes. The Peabody buildings with a population of about 20,000 show a death-rate of about 1 in 71; and the Waterlow buildings, with 30,000 tenants, about 1 in 100, while the rate of all London is about 1 in 57. In Boston, 1 out of 48 dies yearly.

A Tenement House Commission will probably be appointed by the Mayor this year, to consider and report upon existing conditions and possible improvement.

On the whole, the outlook is full of hope. Vigilance and vigorous action are demanded of all municipal authorities. Public interest is aroused. The action of other cities in Great Britain as well as in New York and other American cities warns Boston not to fall behind in this movement, which will surely give to us and our children a healthier city for the homes of the plain people, with its plague spots extirpated, and an increasing proportion of the population living out in suburban homes in this city of unsurpassed suburban beauty.

Housing Conditions in Jersey City

By Mary Buell Sayles, Fellow of the College Settlements
Association

HOUSING CONDITIONS IN JERSEY CITY

By MARY BUELL SAYLES

Fellow of the College Settlements Association

The housing of the working people in Jersey City presents few striking or distinctive features. There are in the crowded parts of the city no such alley-intersected or narrow back street districts as are found in certain sections of Chicago and Philadelphia; there is no block which presents such conspicuously bad conditions of overcrowded land areas, and consequently deficient lighting and ventilation, as prevail throughout the newer tenement house districts of New York. None the less the evils of construction of sanitary neglect and of overcrowded living quarters, which have been brought to light in the recently completed investigation upon which the present article is based, are of a character both to claim the interest of specialists and to compel the attention of citizens.

In his report on housing conditions and tenement laws in leading American cities, Mr. Veiller, then secretary of the New York Tenement House Commission of 1900, notes but four cities, out of the twenty-seven which he discusses, as having a tenement house problem. Among these is Jersey City. Yet compared with the situation in New York, the Jersey City tenement house problem is still in its early stages. The great mass of the working class population is housed either in converted dwellings or in tenement houses of the primitive type commonly erected here, as in Manhattan, twenty to forty years ago; and these two classes of houses, which in the great city have been rapidly giving way, during the last generation, before the onslaught of the dumb-bell tenement with its characteristic eighteen-inch wide air-shaft and overcrowded lot, in the smaller city show few signs of a similar yielding of place. Very few tenements are at present in process of erection, and so few built within the last five or even ten years were found in the districts investigated, that it is difficult to speak with certainty of present tendencies in construction. It is, therefore, chiefly to evils long fixed upon the community and grown so familiar as to be generally overlooked, that attention has been directed—evils none the less serious for this fact, and all the more difficult to eradicate.

The investigation upon which, as has been said, the present paper is based, was necessarily very limited in scope, as it was undertaken single-handed and, under the conditions of the College Settlements Association fellowship, confined to a single academic year. Five hundred houses having been decided upon as a reasonable estimate of the field which could and should be covered, three districts were selected as representative both of the worst and—hardly less important—of average housing conditions. Seventeen blocks in all were investigated. Of these the investigation of the first was largely experimental, as it was undertaken before the printing of the regular schedules used later on, and its results, though hardly less complete than those afterwards obtained, are not in all respects uniform with them, and have therefore, for the present, been set aside. It is then with the returns from sixteen blocks, consisting of the records of five hundred and four houses,¹ and of two thousand one hundred and fifty-four apartments,² that we shall deal in this paper.³

Of the three districts, the first and largest includes the eight blocks bounded by Sussex and Essex and by Van Vorst and Hudson streets, together with two others adjoining, extending between Hudson and Greene to Grand, and between Van Vorst and Warren to Dudley street. The widest range of conditions, as might be expected from its relative size, is to be found in this district. From the comfortable well-built dwellings of Sussex street, only recently converted to tenement house uses, and still in a large proportion of cases unaltered, to the four and five story brick tenements and the huddled rear houses of Morris and Essex streets, every type and grade of house is represented. The population of the district is overwhelmingly foreign. Only 18 per cent of the 1,278 families interviewed were of American stock, while in some of the blocks south of Morris street the percentage falls as low as 11 per cent.

¹ Entrance to nine houses within these blocks was prevented by owners—seven of the houses belonging to one person. While the Board of Health badge was worn by the investigator, no actual authority was conferred therewith, so that entrance to houses or apartments could not be insisted upon.

² These 2,154 apartments make up 68 per cent of all occupied apartments in the houses investigated. In the case of a few of the remaining apartments, information was refused by tenants; in most cases, however, the apartments were not investigated because tenants could not be found at home during the day, neighbors stating that they were absent regularly at work.

³ A very few apartments were occupied by two families; hence the slightly greater number of families than of apartments covered.

The foreign elements most largely represented are the Polish and Russian, who together lead with 28 per cent; the Germans who follow with 20 per cent, and the Irish with 18 per cent. Twenty other nationalities are represented, but as the most numerous, the Jewish, is represented by but thirty-two families, no one of them forms an important element numerically in the population.

The industrial attractions which have brought together this foreign population are not far to seek. The great American Sugar Refinery looms conspicuously on the southern boundary of the district; numerous other factories and workshops are interspersed through the blocks; while to the north, within a few minutes' walk, lies the Pennsylvania Railroad, and to the south, across a narrow strip of water, stretch the docks of the Central Railroad of New Jersey. The foreign population shows, as was to be expected, a heavy preponderance of factory hands, railroad employees, and longshoremen.

The second district includes the two blocks bounded by Railroad avenue and Morgan street and by Henderson and Warren streets, and another adjoining, extending between Provost and Henderson to Bay street. Bounded to the south by the Pennsylvania Railroad's elevated tracks, stretching out toward the Erie Railroad, and hedged in towards the Hudson by factories, foundries and workshops, it offers to the immigrant almost the same inducements of employment as does District I, and presents an even larger percentage of foreign-born inhabitants. Of the 506 families whose apartments were investigated, not quite 14 per cent were Americans, 42 per cent were Polish, 18 per cent Irish, 13 per cent Italians and 4 per cent Germans. Among the remaining families the Jewish lead, numbering 16.

The houses of this district correspond with the older and more neglected portion of District I, showing, however, a larger proportion of wooden buildings and a smaller proportion of high tenements.

District III, consisting of the three blocks bounded by First and Second and by Monmouth and Merseles streets, is located farther from the business centre of the city and from the water front, near the foot of the hill on which are situated most of the better-class resident districts. It lies in the heart of what is known as Little Italy—the most distinctively national section of the city, and the most dilapidated and neglected. Sixty-five per cent of the

377 families interviewed were Italians, and their manner of packing themselves solidly where once they enter into possession gives to the southern half of the district, with the blocks adjoining, an intensely foreign aspect. The remaining 35 per cent, among whom the Irish, the American with 10 per cent, and the German nationalities predominate, are interspersed chiefly on the northern side of the blocks, along Second street.

Rival attractions to the railroads, factories and docks, which claim so large a part of the population in the other two districts, are here offered by the dump-grounds adjacent. Irregular heavy laboring work is, however, the predominating occupation among the Italians, though the rag-picker and junk-dealer are frequently found, as well as the omnipresent factory hand.

So much for the characteristics of the separate districts. For the remainder of the paper, the houses will be dealt with, in the main, without regard to district lines. Some preliminary classifications may properly be given before more detailed points of construction and sanitation are taken up, or special evils pointed out.

First of all, classifying the 504 houses by materials, we find that just 55 per cent are of wood, and 45 per cent of brick—a few of the former having brick, and a few of the latter stone, fronts. If we group them by the number of stories, three-story and three-story-and-basement houses are found to lead with 54 per cent; four and four-story-and-basement houses come next with 31 per cent; 5 per cent have five stories; the remaining 10 per cent have either two stories or two stories and basement, with the exception of two houses, one and one-half stories and one-story-and-basement respectively.

Again, we may group the houses by the number of apartments contained. Houses occupied by but one family were not touched in the investigation, but sixty-three two-family houses were examined, leaving 431 houses which contain accommodations for three families or more, thus falling under the definition of a tenement house most generally accepted throughout the country. Three-apartment houses are most common, 25 per cent of the total number falling under this head; 58 per cent have from four to nine apartments; of houses containing ten apartments or more there are twenty-three, or 4 per cent.

Another significant classification of houses is that by position

on the lot. Fourteen per cent of the houses investigated are rear houses. These figures, however, give little idea of the actual aspect of things, as two blocks are without any rear houses, and six others have but one or two each, while in one block rear houses constitute no less than 40 per cent of all. These houses are seldom over three stories in height, are almost always of wood, are in general very old and frequently dilapidated.

Turning now from classifications of the houses themselves to consider the apartments they contain, we find that three-room apartments lead by a wide margin, constituting 41 per cent of the total of 2,154. Next come four-room apartments with 28 per cent; two-room apartments with 12 per cent; five-room apartments with 7 per cent; six-room apartments with 4 per cent. Of one-room apartments there is less than 1 per cent. One per cent of the apartments examined contained over six rooms.

If now, leaving these preliminary statistics, we turn to matters of greater interest, we shall find it convenient to group the chief evils found, as first, evils of construction, under which we shall speak only of the two leading faults, lack of proper provision for escape in case of fire, and inadequate lighting and ventilation; next, sanitary evils, some of which are structural and some the result of natural conditions or neglect; and lastly, evils of occupancy, chief among which is that of overcrowded apartments.

The absence of fire-escapes is perhaps the most conspicuous and glaring fault observable in the tenement houses of Jersey City. Of the twenty-four five-story buildings found, just one-half were provided with fire-escapes; while of the 155 four-story or four-story-and-basement houses, only four were so equipped. After these figures it will hardly surprise anyone to learn that in no case was a fire-escape found upon a three-story house. There are thus out of a total of 431 tenement houses, most of them three stories or more in height, but sixteen, or 3 per cent, which are provided with fire-escapes of any kind.

The character of the fire-escapes found makes them in a number of cases practically valueless. The balconies of five had wooden floors; and not only in a large proportion of cases were balconies seriously encumbered and stairway or ladder openings covered by tenants, but in two instances trap doors were regularly fitted to these openings, the owner thus encouraging the use of the balcony as a general catch-all and storage place. Furthermore,

in only three houses did all the apartments above the ground floor have access to a balcony, while in one instance, but one out of four families was provided with such means of egress. No form of fire-proof construction was anywhere found, even the dumb-waiter shafts in the higher buildings, well known to be one of the most common paths by which fire spreads, being almost without exception of wood.

In regard to lighting and ventilation, the facts are less easily grouped. The buildings being seldom of a depth to encroach seriously upon the yards, we find, with the exception of a very few of the higher houses, that nearly all of the kitchens and general living-rooms open upon the yard or street and are thus adequately lighted. In the converted dwellings, and in all houses occupied by but one family on each floor, a large proportion of bedrooms also are open to the outer air. But in the three or four story buildings erected originally for tenement uses, and furnishing accommodations for two families or more on a floor, a light bedroom is more nearly the exception than the rule. The typical interior room is lighted by a window to the outer living-room or a public hall, these windows seldom having more than five square feet of glazed surface, and more frequently an area of from three to four square feet. One thousand and eighty-four such rooms were noted in the course of the investigation; while—a still more serious evil—399 rooms were found which had no window at all, and in most cases not even a transom opening into another room.

Light and air shafts were found in only a small proportion of the tenement houses investigated; and a light and air shaft which is more than the merest travesty of its respectable name is emphatically an exception. The typical shaft is a triangular or oblong niche in the outer wall, with an area of from five to twenty square feet; an occasional variation being found in a square shaft of about the same area, let into the interior of the house and covered in most cases by a skylight. Below the top story such shafts furnish practically no light, while tenants bore almost unvarying witness that windows upon them were uniformly kept closed. A single whiff of the pent-up air within their narrow walls is quite sufficient to convince one of the wisdom of such disregard of their presence; and one feels no surprise in reading the evidence of chemists and physicians as to the positive injury to health wrought by pretended ventilation of this sort—evidence which has led to the

giving of the suggestive name of culture tubes to such shafts. Among evils of sanitation only a few of the most serious can be touched upon. Most conspicuous and widespread of all is that of the foul and ill-smelling privy vault. Seventy-five per cent of the houses investigated furnish no toilet accommodations save these objectionable structures in the yard. The vaults are in the main sewer-connected, one block and part of another in District III being the only sections in which no street sewer is laid, though unsewered vaults were found in small numbers elsewhere. But a sewer connection is in a large proportion of cases a most illusory blessing. The great mass of solid matter frequently remains after the liquids have run off to the sewer, and its decomposition renders the air of the yard, upon which the rear rooms depend, many times almost intolerable. In two cases school-sinks—modified privies, with metal vaults in which water stands—were discovered in cellars; but as the water was changed, according to the testimony of tenants, but once a week, these cannot be said to offer many advantages over the ordinary privy. Among the 368 water-closets in use in the remaining houses, the old and objectionable pan closets number sixty-one; while numerous water-closet compartments are either entirely unventilated or have windows only to halls or rooms, and in a number of cases, especially on the top floor of five-story buildings, the water-flush is wholly inadequate to cleanse the bowl.

A serious evil is also found in the location and condition of household sinks. In seventy of the houses investigated all such sinks were located in the public hall, while in fifty-five other houses sinks were so located on one or more floors. Nearly every such sink is used by two families. In one block, chosen at haphazard from those of the Italian district, sixty apartments were found whose occupants were obliged so to share their sink; while fifteen other apartments were provided with but one sink to every three or four apartments. Furthermore, eight houses were found in which, in flat defiance of a city ordinance, no water at all was furnished indoors. One row of four such houses, containing in all twenty-two apartments, was provided with but two hydrants in the common yard, one hydrant serving for ten, the other for twelve apartments.

The collection of statistics as to the plumbing of sinks was not at first attempted, but was taken up as the result of an observation

of conditions in the earlier blocks investigated. Eleven hundred and sixty-two sinks, located in four blocks of District I, and in the six blocks of Districts II and III, were examined. Of these only 10 per cent were properly trapped and vented; 68 per cent were trapped but not vented—a far from satisfactory state of affairs, especially where as in many cases traps were so small or otherwise defective as to be practically useless; 10 per cent were neither trapped nor vented, the pipes thus offering free passage to the contaminated sewer air; 12 per cent were boarded up solidly, so that the waste-pipes could not be examined—an almost sure sign that the concealed plumbing is of the oldest and worst type.

One serious element in the insanitary conditions of the districts investigated, which, unlike those just mentioned, cannot primarily be charged to the householder, is found in the character of the land upon which a large part of lower Jersey City is built. Only six of the sixteen blocks investigated are composed entirely of original solid ground. Five blocks in District I were in greater or less degree formed by the filling in of marsh land or the extension of the water front. All of District II, and nearly all of two blocks of District III, were so formed.¹

The significance of these facts appears when we realize that land so made is largely intermingled with refuse matter, and, still more important, is generally damp and is subject to periodic risings of tidewater. In a large proportion of the houses built upon such land, observations of the investigator, supplemented by the testimony of tenants, proves that the water in cellars unprotected, as are nearly all, by water-proof flooring, stands at times to a depth of several inches. Sewage is thus frequently washed back into yards and cellars, first-floor apartments are rendered damp and unhealthful, and nauseating odors suggest the serious danger to health which such a condition brings upon the entire house. Fortunately the cellar-dwelling evil is not a prevalent one in Jersey City; yet one instance is recalled where a family paying for four rooms in the basement and first floor had been obliged to vacate the lower two rooms entirely—the men of the family wading through water knee-deep to rescue the kitchen stove.

One of the most serious evils from which the poorer classes suffer is that of overcrowded apartments. As was anticipated

¹See topographical map prepared for the National Board of Health in 1880 by Spielman & Brush. The only copy known to exist is in the Jersey City Public Library.

from the facts brought to light by investigations in other American cities, this evil was found to be most prevalent among the poorest foreign population, especially the Poles and Italians, and is largely due to the custom of taking so called boarders—really, in most cases, lodgers, who provide their own bedding and pay in the neighborhood of two dollars a month.

There are two ways of measuring overcrowding in apartments; by number of individuals per room, and by cubic air space per individual. To secure perfectly accurate results, it is of course necessary to discover just how many rooms in a given apartment are occupied for sleeping purposes and how many persons sleep in each. This may seem a simple matter, but in practice reliable results are not only very difficult, but in many cases impossible to secure, save by a night inspection. Not only must allowance be made for very general under-statement of the number of boarders taken, but in a large proportion of cases either no answers at all or wholly unsatisfactory answers can be obtained to questions as to the distribution of members of the family and of boarders at night. Under these circumstances it has seemed best, instead of attempting to state the number of individuals sleeping in each room and the precise cubic air space afforded by that room to each, to give the ratio of number of occupants to entire number of rooms in each apartment, and the cubic air space per individual afforded by that apartment as a whole. Only rough indications of the degree of overcrowding at night are of course given by this method, but it has at least the advantage of greater accuracy so far as it goes than could fairly be claimed for one seemingly more precise.

Applying the method of measurement by cubic air space to the 2,154 apartments investigated, we find that in 65 per cent of them each occupant has an allowance of 600 cubic feet of air or more. Living conditions in most of these apartments are fair, and in many good; yet some of the most disgraceful cases of overcrowding were found among them—as in one apartment, where in a single large room two little girls of about twelve years slept, together with a varying number of male boarders. The remaining 35 per cent of apartments afford less than 600 cubic feet of air space per occupant. This means in nearly all cases a serious degree of overcrowding; since if bedrooms alone are occupied at night such an allowance for the whole apartment means actually on an average less than 400 cubic feet, and often less than 300 or even 200 cubic feet for each person; while if the crowding compels the use of the kitchen for sleeping

purposes, other evils hardly less serious are added to those of limited air space. Such being the meaning of the figures given, it becomes evident that in the 199 apartments, 9 per cent of all, in which there were found to be less than 400 cubic feet of air space to each occupant in the apartment as a whole, very serious danger to health exists. It is below the limit of 400 cubic feet per adult, with a smaller allowance for children, that government interference has generally been authorized, where authorized at all; as is notably the case in Glasgow, where the law is enforced by an especially efficient system of night inspection, and among American cities in New York.

The other test of overcrowding, by ratio of number of persons to number of rooms, while a less accurate means of estimating effect on health, furnishes a more accurate indication of the relation of overcrowding to standards of decency. An example typical of many cases met with will make this distinction clear. Suppose two large high-ceiled rooms with a total cubic contents of 3,500 cubic feet, occupied by eight people. Each person has then more than the minimum of 400 cubic feet; yet the absence of any possibility of privacy or decency of living involved where men and women boarders, parents and growing children make up the eight, need not be dwelt upon. It is evident that four rooms with an aggregate contents of less than 3,200 cubic feet might be occupied by the same eight persons with perhaps greater danger to health from limited breathing space, but with certainly better opportunities for separation by sexes.

If we apply this second method of measurement, we find that in 24 per cent of the total number of apartments there are two persons or more to each room. Such apartments may fairly be classed as overcrowded; since either every room is occupied for sleeping purposes, or if one room is reserved for kitchen and living-room, the bedrooms are shared by a minimum average of two and two-thirds, three or four persons each, according as the number of rooms in the apartment is four, three or two.¹ To appreciate what this means it is of course necessary to realize that few bedrooms in such apartments contain more than 800 cubic feet, while a large proportion are dark interior rooms containing from 600 to 400 cubic feet or even less. These facts having been pointed out, it is unnecessary further to emphasize the seriousness of the state of affairs, where, as in 196 apartments, 9 per cent of the total num-

¹ Very little overcrowding was found in apartments of more than four rooms.

ber, the ratio of number of occupants to number of rooms rises as high as 2.5 or more.

Space will not permit of an extended comparison of these conditions of overcrowding with those revealed by similar investigations in other cities. It is interesting, however, to note in passing that the average number of individuals per room in the districts investigated is higher than the average number of occupants per room in the 9,859 apartments covered by the recent investigation of the City Homes Association in Chicago; the former being 1.35, and the latter 1.28 persons. While averages do not form the most satisfactory basis of comparison, a difference so marked as this unquestionably indicates a greater degree of overcrowding in the Jersey City than in the Chicago districts.

Enough has been said, it is believed, to show that serious housing problems demand solution in Jersey City. While the investigation covered the living environment of but 10,179 persons out of a total city population of 206,433, it may yet fairly claim to have some representative value. The districts investigated of course present conditions different in some respects from those of the city as a whole. Thus—to use a method of comparison too rough to have any but a suggestive value—while but 28 per cent of the total population of the city are foreigners, 84 per cent of the heads of families whose apartments were investigated are foreign-born. Along with this large proportion of the poorest foreign population go unquestionably especially bad conditions of overcrowding, and in many respects of sanitary neglect; though such is not the case with faults of housing construction pure and simple. Nevertheless the accusation that an unfairly dark and harrowing picture has been presented cannot justly be brought; since on the one hand many tenement houses of the best type were included, as is shown by a range of monthly rents between extremes of \$17 and \$3 per apartment; while on the other, large numbers of blocks as bad in character as any of those investigated could be pointed out in other parts of the city. The hope of furnishing data upon which a movement for reform might safely base its demands was the determining incentive to the investigation; but this direct practical aim has by no means obscured the sociological and scientific interests involved. If the results obtained shall on the one hand be used as a point of departure for social effort, and on the other be judged a real though small contribution to the literature of the housing problem, the ends sought will have been fully attained.

IV. The Child Labor Problem

Child Labor Legislation

By Mrs. Florence Kelley, Secretary National Consumers' League

CHILD LABOR LEGISLATION

By MRS. FLORENCE KELLEY

Secretary National Consumers' League

It is most desirable that the present widespread agitation for child labor legislation may achieve permanent results of a uniform character. Such laws as now exist are alike in no two states; they are enforced differently when they are enforced at all; they are uniform only in their failure to afford adequate protection to the rising generation of the working-class.

It is the aim of this paper to set forth some essential points of an effective child labor law efficiently enforced; for whatever the local differences of industrial conditions may be, certain fundamental needs of childhood are constant and child labor legislation must ultimately be framed with regard to these.

This fact is somewhat recognized in the statutes already enacted; for all these begin with a restriction upon the age at which the child may begin to work. This minimal age has varied from ten years to fifteen, differing in some states for boys and for girls, while the statutes prescribing it have been weakened in some states by exemptions and strengthened in others by educational requirements. The fundamental provision of all child labor legislation has always been the prohibition of work before a specified birthday.

Akin to the restriction of the age of employment is the restriction of the hours of work. The former secures to the child a fixed modicum of childhood; the latter assures to the adolescent certain leisure, all too little, for growth and development.

No one law can be selected as containing all the provisions needed or even as containing all the provisions now in force. It is not possible to say to students of the subject, "The law of Massachusetts should be copied everywhere," for the laws of Ohio and Illinois contain single provisions in advance of that of Massachusetts.

Among the best child labor laws in the United States are those of Illinois and Indiana, which are almost identical. In Illinois no child under the age of fourteen years can be legally

employed in any mine, manufacturing establishment, factory or workshop, mercantile institution, store, office, or laundry. The Indiana law adds, to the foregoing list, renovating works, bakeries and printing offices. This prohibition is absolute throughout the year, admitting no exemptions or exceptions. Herein lies the superiority of these laws. Under the New York law, children at work in stores are exempt from restrictions during half of December—from December 15 to December 31—and also during the vacations of the public schools, when they may be employed from the age of thirteen years everywhere outside of the factories, which happily they may not enter before the fourteenth birthday. This exemption in New York has been given such elastic construction that children have been employed on Saturdays and even on school-days out of school-hours.

The laws of Illinois and Indiana are humane; they set the highest age limit without exemptions yet attained; they are equitable since they place mine owners, manufacturers and merchants in the same position in relation to this particular source of cheap labor. The employment of children under fourteen years of age is prohibited to all three sets of employers alike.

Treating these laws as standard or normal, for purposes of comparison, the law of Pennsylvania, for instance, is seen to fall below, because under it children may work in certain mines at twelve years and in factories at thirteen years of age; while lowest in the scale among all the Northern and Middle states stands New Jersey, whose child labor law permits boys to work at twelve and exempts all children, on grounds of poverty, at discretion of the factory inspectors.

Exemptions.

From the foregoing brief statement it is clear that the subject of exemptions is a varied and complicated one. The most insidious form of exemption, and therefore perhaps the most dangerous, is that prescribed in the law of Wisconsin. Under it, no child may be employed under the age of fourteen years in manufacture or commerce, unless it is exempted on grounds of poverty by a judge of a local court. In practice, a judge has no time to investigate the economic condition of hundreds of families; hence he follows the recommendation of the deputy factory inspector. This over-

worked officer is drawn away from his proper duties to perform an economic investigation for which he possesses no especial fitness. His own work suffers. Children are exempted from school attendance and permitted to work, who more than any other children in the community need education because of the poverty or shiftlessness of their parents. Too often, drunken fathers are encouraged to further drunkenness because their young children, under exemption, are earning money which the parents spend. Finally, this exemption rests upon the pernicious principle that a young child under fourteen years of age may be burdened with the support of itself or its family.

It is not a legitimate function of the judiciary to investigate the poverty of individual families. It is not a legitimate function of the factory inspectors to investigate family life. Both officers are interrupted in the performance of their legitimate duties by every attempt to perform this alien task. Moreover, children under fourteen years of age are undesirable additions to the body of wage-earners, pressing by their competition upon the wages of their seniors and therefore tending to produce in other families the same poverty which serves as a pretext for their own exemption. The number of exempted children, under such a provision, tends to increase continuously, because greedy and pauperized parents are tempted to follow the example of the really needy, in urging applications for exemptions.

Reinforcements.

Besides being free from all the undermining effects of exemption clauses, the child labor laws of Illinois and Indiana profit by several reinforcing clauses. Chief among these is the requirement that children under sixteen years and over fourteen years must keep on file in the office of the place of employment an affidavit of the parent or guardian, stating the date and place of birth of the child. In Indiana, this must state also that the child can read and write the English language. While some parents are undoubtedly guilty of perjury, and others carelessly take the oath perfunctorily administered by a notary public, thousands of honest people are deterred by the requirement of the affidavit from sending their children to work before reaching the fourteenth birthday.

Employers must produce, on demand of factory inspectors, affidavits for all children under sixteen years of age in their employ. The penalty prescribed for failure to do this is the same as for employing a child under the age of fourteen years. The value of this provision for the protection of the children depends wholly upon the policy of the inspectors. If every failure to produce the affidavit is followed by immediate prosecution, manufacturers become extremely cautious about employing young children; children under fourteen years of age virtually cease to be employed; and the number of those employed under sixteen years of age diminishes because many employers refuse to be troubled with affidavits, inspections and prosecutions. On the other hand, employers of large numbers of children find it profitable to make one clerk responsible for the presence in the office of an affidavit for every child between the ages of fourteen and sixteen years. In these cases, the children who have affidavits acquire a slight added value, are somewhat less likely to be dismissed for trifling reasons, and become somewhat more stable in their employment.

Where, however, inspectors fear to prosecute systematically, lest they be removed from office, the provision requiring an affidavit to be produced by the employer, on demand of an inspector, is not rigorously enforced; children soon come to be employed upon their verbal assurance that they are fourteen years of age, and the protection which might be derived from this very useful reinforcing clause is lost for the children under fourteen years of age, as well as for the older ones.

A farther reinforcement of the prohibition of employment of children under fourteen years of age is the authority conferred by the Illinois law upon inspectors to demand a certificate of physical fitness for children who may seem unfit for their work. This provision enforced with energy and discretion can be made, in the case of children conspicuously undersized, largely to counteract the tendency to perjury on the part of parents, besides relieving healthy children from overstrain of many kinds. The difficulties encountered are chiefly two:—physicians grant certificates without visiting the place of employment. This occurs quite uniformly to the disgrace of the profession. Physicians also grant certificates, in many cases, without careful examination of eyes, heart, lungs and spinal column of the child, simply upon the parent's statement of pov-

erty. To make this reinforcement thoroughly effective, every factory inspection staff should include a physician, preferably two, a man and a woman, appointed expressly to follow up the children and the conditions under which they work.

Educational Tests.

Several states require that children under sixteen years of age must be able to read and write simple sentences in the English language before being employed. This is of the highest value in those states which receive large streams of immigration from Europe. In New York, every year, numbers of children are dismissed from factories by order of factory inspectors, because the children cannot read; while in Massachusetts, French Canadian children find school attendance at a high premium because of the difficulty of securing employment without it. The influence of the foreign voting constituency has defeated in several states, for several years past, the effort to secure a statutory requirement of ability to read and write English, or a specified attendance at school, as a prerequisite for work on the part of children under sixteen years of age. This is conspicuously true of Illinois, where such a provision was defeated in the legislatures of 1893, 1895 and 1897.

The most powerful reinforcement of the child labor law is a compulsory school attendance law effectively enforced. For want of this, the child labor law of Illinois suffers severely. The school attendance law requires children between the ages of eight and fourteen years to attend school sixteen weeks, of which twelve must be consecutive. Children under ten years of age must enter school in September, children under twelve years must enter school not later than New Year's. Meagre as these provisions are, they are not uniformly and effectively enforced by the local school boards; and the state factory inspectors are therefore burdened with frequent prosecutions of employers because children under fourteen years of age are sent to work by parents who should be rigorously prosecuted by the school attendance officers.

In Indiana, the reinforcement afforded by the state truancy law is of great value, for children must attend school to the age of fourteen years, throughout the term of the school district in which

they live, generous provision being made for truant officers. This difference accounts, perhaps, for the fact that Indiana has but three and one-half thousand children under the age of sixteen years at work, compared with nineteen thousand such children in Illinois; and this despite the rapid development of the "Gas Belt" in Indiana, where the temptation is very great for parents to put excessively young children to work with the help of perjured affidavits. Truant officers, watching young children, from the eighth to the fourteenth birthday, every day of the school term, are the best preventive alike of perjury by parents and of child labor. They constitute the best possible reinforcement of the child labor law.

The contrasted practice of the neighboring states of Indiana and Illinois, in this respect, is so marked that, unless the policy of Illinois be radically changed in the near future, it is reasonable to expect that, despite the excellent child labor law, the number of children at work under the age of sixteen years must continue to double at intervals of five years, as it has done in the past—the recruits being largely drawn from the ranks of the children under the legal age for work.

In Boston, the very enlightened firm of merchants known as Filene's have long made it a rule to employ no person who is not a graduate of the grammar grades of the public schools. In two cases known to the writer, girls aged respectively eighteen and sixteen years applied for work, but were not engaged because they had not completed the school requirement. They found employment elsewhere while attending the graded evening schools of Boston in preparation for service at Filene's. It is reasonable to expect that this method of securing efficient help will be increasingly followed by public-spirited employers interested in placing a premium upon school attendance, until at last legislators may feel justified in specifying some one grade of the schools below which the pupil may not leave to begin working.

The Hours of Labor.

Among the most advanced restrictions upon the hours of labor of children is that of New Jersey, which prohibits all persons, men, women and children, alike, from working in manufacturing establishments longer than fifty-five (55) hours in any week, or after one

o'clock on Saturday. This provision applies throughout the year. Massachusetts and Rhode Island prohibit the employment of women of any age and of youths under eighteen years, longer than fifty-eight hours in any week, or ten hours in one day, or after nine at night or before six in the morning.

These laws have the advantage of precision. They require that the hours of work of the persons concerned must be posted conspicuously, and that the posted hours shall constitute the working day—work beyond the posted hours constituting a violation of the law—thus rendering the enforcement of the law simple and easy.

The statute of Utah prohibits all persons from working in mines, smelters and factories longer than eight hours in one day and forty-eight hours in one week. This statute has been sustained by the Supreme Court at Washington, in the decision in the case of *Holden vs. Hardy*, 1896. It does not, at present, affect any considerable number of children, because child labor hardly exists in Utah. But with the development of manufacture, now proceeding with startling rapidity, the value of this enlightened law for the children who must inevitably find employment is quite beyond computation. And as a precedent for similar legislation elsewhere, this statute and the extremely strong decision of the Supreme Court at Washington sustaining the validity of the statute are of epoch-making importance.

Night Work of Children.

The extent to which children are employed at night is not generally recognized. In any state in which such employment is not explicitly prohibited, it is very general in all branches of industry in which children are employed by day. Glassworks, nut and bolt works, tin can factories, furniture factories, cutleries, and scores of miscellaneous industries employ boys regularly at night. Girls are regularly employed in garment and candy factories during the busy season; and in some factories this work continues all through the year, as in the cotton mills of Georgia, Alabama and the Carolinas. Wherever the prohibition is not explicit and sweeping, the night work of children is the rule, not the exception. In Illinois and Indiana boys are not prohibited from working at night, and are

regularly employed in the glassworks in both states under circumstances of great hardship. In Indiana, girls are forbidden to work after ten o'clock; but Illinois, cruelly belated in this respect, merely restricts the work of children under sixteen years of age to sixty hours in any week, and ten hours in one day, failing to proscribe night work even for girls. It is, accordingly, very common. Even in Boston, where the hours of labor of boys under eighteen years engaged in manufacture and other forms of commerce are strictly limited, a recent attempt to pass an ordinance requiring that newsboys under fourteen years of age shall not sell papers on the streets after eight o'clock at night failed utterly, and small boys are to be seen upon the streets at all hours. The place of honor in the matter of legislation prohibiting night work for children properly belongs to Ohio, which provides that minors under eighteen years of age, may not be employed after seven o'clock at night.

Children Not Yet Protected.

Large numbers of working children remain wholly unprotected by legislation. Not only have the four great cotton-manufacturing states, Georgia, Alabama and the Carolinas, defeated all bills presented to their legislatures for the purpose of protecting young children, but in the North, also, newsboys, bootblacks, peddlers, vendors and the thousands of children employed in the tenement houses of New York and Chicago, and in the sweat-shops of Philadelphia, remain wholly outside of the law's protection, so far as statutory regulation of the conditions of their work is concerned. The problem of abolishing the overwork of school children in tenement houses, under the sweating system, appears at present insoluble except by a prohibition of all tenement-house work.

Enforcement.

To secure the enforcement of child-labor legislation, there are needed factory inspectors, both men and women, equipped with ample powers and supplied with adequate funds for traveling and other expenses. These inspectors need good general education, long experience, and vigorous public opinion reinforcing their efforts. Massachusetts enjoys the unique distinction, among the

American states, of possessing a large staff of factory inspectors meeting all these requirements; and Massachusetts is, accordingly, the only state of which it may be confidently asserted that its child labor law is uniformly and effectively enforced at all times and in all its provisions. A faithful officer serving a full quarter-century at the head of the department, with subordinates equally assured of permanent tenure of office during good behavior, has been able fearlessly and intelligently to enforce the laws securing to the children of Massachusetts fourteen full years of childhood, with opportunity for school life, followed by safety of life, limb and health after entering upon the years of work.

In all the other states it is extremely difficult for an inspector who faithfully enforces the law to retain his position. The interests which oppose such legislation and object to its enforcement, are enormously powerful and are thoroughly organized. The people who procure the enactment of child labor laws are usually working people unacquainted with the technical details of the work of inspection; busy in the effort to earn their own living; not able to keep vigilant watch upon the work of the inspectors, the creation of whose office they achieve. Thus the officials are subjected to pressure in one direction only. If they are idly passive, they may be allowed to vegetate in office several years. If they are aggressively faithful to the oath of office, enforcing the law by prosecuting offenders against its provisions, the children who profit by this are unable to reward their benefactors; the working people who obtained the creation of the office have no arts of bringing pressure to bear effectively to reward faithfulness in public service by appointed officers; while the offending employers are amply able to punish what they decry as officious overactivity, if they do not go farther and charge persecution and blackmail. For these reasons it may almost be stated as a general proposition that the more lax the officer, the longer his term of office; and the history of the departments of factory inspection, the country over, sadly substantiates the statement.

The recent startling revelations of non-enforcement of the laws intended to protect young children from exhausting overwork in the glass factories in New Jersey merely intimate what will be found true in every state in which there is not a powerfully organized, compact body of public opinion alert to insist upon the retention

of competent officers, the removal of incompetent ones, and the uniform, consistent enforcement of all the provisions of the child labor laws.

To form in every state, among the purchasers of the products of manufacture, a body of alert, enlightened public opinion, keen to watch the officers to whom is entrusted the duty of enforcing child labor laws, rewarding with support and appreciation faithful officials and calling attention to derelictions from duty on the part of the mere politicians among them, this is an important part of the duty of the National Consumers' League.

Child Labor in the Department Store

By Franklin N. Brewer, General Manager Wanamaker Store,
Philadelphia

CHILD LABOR IN THE DEPARTMENT STORE

By FRANKLIN N. BREWER

General Manager Wanamaker Store, Philadelphia

The topic assigned me, "Child Labor in (so-called) Department Stores," interests us, I take it, from but one point of view: that of the education and development of the child into the man or woman who shall contribute and receive a normal share of the world's good growth in life, liberty and happiness.

I cannot claim comprehensive thought or research, under this topic, and my paper must be the brief and superficial one of a man whose too short days are full of the work of the builder rather than the study of the architect.

If my coming before you is justified at all, it must be by the simple statement I am able to make of how one establishment,¹ a typical one of the class under consideration, is trying to meet its responsibility for its children.

First entrance into the employ of this house is, to the extent possible, with a clear understanding between parent, or guardian, and the employer, that the child's business career shall continue with the same house, at least until maturity in years and efficiency in some distinct branch of the business shall have been reached.

Following our State law, thirteen years is the minimum age. The smaller boys begin as "cash boys." Girls are not given this work, positions of less freedom being considered safer for them. The girls up to, usually, seventeen years of age, and the boys, other than cash boys, usually, from sixteen to eighteen, are engaged directly in the general corps of the junior employees—we call it "The Cadet Corps"—and into this corps the cash boys come by promotion. Except at Christmas, the cash boys will average two hundred in number; the cadets four hundred, of whom about one hundred are girls. These six hundred young people are assigned to duty in the various departments and divisions of the business, according to natural aptitude and fitness, and are under the direction of their respective department or section heads; but always, also, and until graduation from the Cadet Corps, they are under

¹ John Wanamaker's Store, of which Mr. Brewer is General Manager [Editor].

the care and discipline of the chief of the corps and a lady assistant. The young people are not lost sight of individually, but are known and studied by the managers with view to advancement according to capacity and natural abilities.

Cultivation of good manners, neatness, elevated personal habits, the general requirements of the store service, lessons from their individual experiences, etc., are considered with them individually and at general meetings, and are emphasized by a system of monthly averages bearing upon questions of promotion and increase of salary. To illustrate: Each of the smaller boys (the cash boys) has his record card which he must carry for a month. It is no small departure from small-boy nature, simply to have and hold this card during a month without a forbidden accumulation of dirt and damage upon it. One of the early signs of progress, after the adoption of this feature of our plan, was an increased average whiteness and remaining area in the cards surrendered at the month's end. This card epitomizes the boy's early business life and he reverences it and guards it. On one side are rules to be committed to memory, but this is merely incidental. The other is the serious side, where an array of spaces gradually fill up, like the rising of the tide. Weekly ratings by his section manager for neatness, promptness, truthfulness, etc.; a weekly rating at morning "inspection," by his general chief; daily strokes of the pencil (if occasion require) for misconduct or neglect of duty—"bluies" the boys call these latter marks and there is no levity or disrespect in the term. Protest against what is felt to be an undeserved "bluie" is made to his chief, or even to the general manager, with all the earnestness of an appeal to the Supreme Court, and, needless to say, such appeals are patiently entertained and decided with honest effort after justice. Upon these cards, also, are entered the monthly figures given for the boys' school-work. The average of all the ratings is the "store average" and the misconduct marks ("bluies") reckon so much off. The card goes home for inspection and signing by parent or guardian. Upon the "store average" depend increase of salary and promotion. If advance in salary is not won reasonably soon (six weeks or two months usually bring the first upward step) the conclusion is apt to be reached that the boy is unfitted for our service and he is dropped from the ranks. The simple expedient of these cards, and that which they represent, secures

in discipline what the harsh word and impulsive discharge never could secure, and a month or two bring about in the little "raw recruit" a surprising improvement.

I mention these details as illustrative of the spirit, character and thoroughness with which, to the best of our ability, the problems of the discipline and development of our young people are met, along their whole course from first entrance into the business up to graduation into the ranks of men and women. And this line of procedure is simple recognition of the fact that these are children still, whose characters are forming, and that faults and defects, which in man or woman might require discharge, in the child simply demand correction.

The boys above the cash boy grade, and the girls, are placed, as early as wisely possible (depending upon their own developing tendencies and the business conditions), where some distinct branch of the business, or class of merchandise, will be learned thoroughly. Stock boy, salesman, stock-head, buyer's assistant, is the usual line of advancement in merchandising. Development in clerical lines makes the bookkeeper, the auditor, the office assistant, the stenographer. In trades lines grow up among us, the milliner, the dressmaker, the paper shade and flower worker, the plate engraver and printer, the designer, draughtsman, decorator, show-card painter, the mechanic in repair of bicycles, dolls, and so on. Exceedingly numerous and varied are the paths open, and in so far as possible an early and definite selection and patient reasonable progress along some one of these paths are insisted upon. Meanwhile salaries are advanced systematically according to a minimum scale which is increased as progress above the average and promotion to higher duties may mark the course of the individual.

Does the program, thus far, sound too serious and strict for normal happiness and hopefulness in the children? See our young people and you will find the reverse to be true. Granted a child, normal in body and mind, happily busy and interested in duties of genuine importance to and among other busy people, and the question of training in the business proper answers itself: the child learns, absorbs, grows by the easy process of nature. His capital knowledge, as a business man, becomes to him like the mud on the carpet at Willie's home: "I didn't bring it into the house, mamma; it just stuck to my shoes and came in itself." But the

youthful business students of to-day require for normal development more than the round of duty of a succession of business days in a fixed place can supply, and more than the average home and home circle of friends and interests of the working boy or girl do supply.

And so we have found it practicable to bring into the business lives of our young people most of the activities usual in the schools. The smaller boys are organized into school and military companies. Each company assembles in the school-rooms, on the fifth floor of the store building, two mornings in the week, where regular instruction is given in arithmetic, grammar, spelling, writing, composition and singing. On two other mornings they have the setting-up exercises and drill of the school of the soldier, with some other physical culture features. The boys elect their own military officers, save, of course, their chief, and these officers become successful disciplinarian, retaining well the respect and obedience of their companies. A very successful fife, bugle and drum corps, composed of the boys themselves, is a feature of this branch of their organization. As fairly indicating the standard of these special activities, let me mention here that this fife, bugle and drum corps has twice marched at the head of the combined Boys' Brigades of Philadelphia, and has been pronounced the best junior organization of the sort in the city.

Our girls have their school organization, also, each division having two mornings in the week. The branches taught are those above mentioned and also business correspondence, stenography and typewriting, and bookkeeping. Attention is given to singing and physical culture, while an elocution class and a mandolin club are successful outgrowths of this branch of the store school.

The older boys, in number about three hundred, have supper in the store and remain for their school, two evenings in a week. The branches taught are arithmetic, spelling, writing, commercial correspondence, English, stenography, bookkeeping, metric system, mechanical and free-hand drawing, rapid calculation. Military and gymnastic training are given, and as outgrowths of the school are a club for debate and literary exercises, an orchestra, a field music band, a mandolin club, a glee club, an elocution and dramatic class, and a minstrel troupe. Monthly report of the standing and progress of each pupil is made to the parents.

Each of these three branches of the store school has its sepa-

rate annual commencement exercises conducted similarly to those of other schools and not falling below the latter in general merit. Association Hall has been used in later years for this purpose, but is now much too small for the gathering of the parents and friends interested. Certificates (they call them diplomas) are given to the graduates, but these papers have double significance. They testify to the attainment of a certain standard in the school-work proper and also to the actual number of years of satisfactory service in the business, with promotion from the Cadet Corps to a position in the regular ranks of some one of the store departments—equivalent to a stepping out of the ranks of the business boy or girl into those of the business man or woman.

These graduates have organized themselves into Alumni and Alumnae Associations and maintain their fellowship, principally in social, but partly in educative work. The school button or pin and the alumni pin prove that these young folks are quite as human as those of other schools and colleges. The standard of class-work done, while perhaps less in quantity for the same length of time, does not, in quality, seem to fall below the standard of other schools. The business training, the business authority and the fact that excellence in school-work is also an important element in business promotion, all give the teacher an advantage, and the scholar an incentive greater than in ordinary schools, and these substantially offset the disadvantage of shorter class-hours. With justifiable pride we call the schools, collectively, the "J. W. C. I.," "John Wanamaker Commercial Institute." The "Junior Savings Fund" is another feature of the young people's organizations of the store, largely taken advantage of and helpfully stimulating to habits of care with money. A summer camp, the outfit for which is owned by the boys, provides for the vacation of many.

The results are very manifest. Jacob Riis says, "the small boy is a boiler with steam up all the time, and if authority sits on the safety-valve there is bound to be an explosion." We have but few explosions. There is so much of varied and interesting demand upon his activities that our future business man has but little time to scheme out mischief and practically no surplus steam to explode. The incentive to faithful doing of his best is strong. Participation in the actual work of the business daily is the broadest end of school-work. Beginning early and with awakening interest and ambition, the children are in less danger of developing wrong habits,

temptation to dishonesty, a sullen or resistful spirit toward those in control, and many another cause by which a naturally well-equipped child fails to fulfill the promise of his childhood.

While children here are children still, yet I know not of an equal number of young people gathered together with an equal standard in present character and ability and promise of future success and usefulness. As would be supposed, such care in the early training of the young people necessarily and naturally carries with it the advancing of these people as the years go on, so that what is practically a system of civil service promotion has resulted, and the higher positions are continually filling with those who have grown up in the business from childhood.

To be sure, it often happens that a young man, having made himself fit for a larger position than is open to him at the time in this his business home, goes out with our approval to some other establishment which needs a chief and bids for him, but, on the other hand, it is true that no young man or woman, having won a foothold in the regular store service and continuing faithfully to do his or her best, need look elsewhere for advancement or a business future.

Sometimes these changes to other service are invited before we think the young man or woman fully qualified, and in any case much is risked in the search elsewhere for sudden and uncertain advancement.

From these conditions develop three important features of modern business life: First: A fair equivalent for the apprentice system still so strong in the Old World, and for want of which our young business men and mechanics have suffered in comparison with Old World competitors, in point of thoroughness and detail knowledge; second: civil service promotion; and third: service and disability pension.

May I presume further upon your patience with an additional question or two? Are we prepared to say that better results than these I have tried to indicate are observable in those trained solely in academic courses? It is too large a question for me to attempt to answer. An answer is, however, suggested by R. T. Crane in a pamphlet issued in 1901 in Chicago, entitled "An Investigation as to the Utility of Academic Education for Young Men Who Have to Earn Their Own Living and Who Expect to Pursue a Commercial Life." Mr. Crane comes, among other conclusions, to this: "The

truth of the matter is that, when it comes to considering an applicant for a position, few of these gentlemen (employers in various lines) will be found to pay any attention to the amount of knowledge he may have of Greek, Latin, literature, etc., or care a straw about the mental drill and discipline or the well-rounded character that he may have acquired through a course at college. What they are particularly interested in knowing is whether he understands their business and can promote it. This is all that has any weight with them in the selection of help."

And further, "The great majority of our strongest and most successful men in the country to-day came from farms and villages and obtained very little education. . . . In my opinion, few of them would have been anywhere near so successful in business had they gone to college, for their success was largely due to the fact, which was impressed upon them in the early part of their career, that they would have to struggle if they expected to succeed.

"I feel quite sure that if the men who have been successful in business were asked whether they regretted starting in business at the time they did, in place of going to college and taking the chances of afterward being able to gain the success which they have achieved, all would answer in the negative. . . . I think it can be safely said that the great men at the head of our railroads are the strongest business men the world has ever produced, and so far as I have been able to ascertain, not one of them is a consistent believer in college education.

"Certainly none of them have expressed in their letters any regret on account of not having received such education themselves.

"On the contrary, Mr. Roswell Miller remarks that he spent one year in college, and considers it fortunate that he did not spend more."

Without depreciating the value of a college course, our business experience tends to the conclusion that men and women trained up from youth in the business are the most successful; that length of service, with its unconscious absorption of and self-adjustment to the principles and needs of the business, will carry a given degree of natural capacity to a higher point of efficiency and success than an originally greater degree of capacity will be likely to reach by the shorter road of business training begun in maturer years.

I am aware that business success is but a partial test of true education, and my mark is missed if I seem to have set up that as my test alone. Perhaps from the unfavorable conditions of child labor in the past, has arisen the assumption that to work for wages in early years is necessarily a misfortune to the child, and, until now at least, the instinctive choice of parents is for long years in the schools. But as time brings to working men and women improved conditions, shortened hours, higher standards of intelligence, increased rate of earnings, may not a proportionate bettering for the child bring conditions so normal, to the best education and development, as that labor in the real world of business or trade will accomplish more, and more desirably, for the child that which is striven for in business and trades courses of the schools?

Modern educational methods have carried much of the shop and counting-house into the school-room, while but little in the reverse order has been accomplished, at least in this country. Pennsylvania State law has done little more for the child than to forbid his being employed in manufacturing or mercantile establishments before the age of thirteen, and thereafter to surround his employment with some safeguards against danger to life or limb. But considerably greater progress has been made in Germany. Some present here will recall a paper read in this room by our Consul at Chemnitz, the Hon. J. C. Monaghan, on "Industrial Education, a German Example." Mr. Monaghan tells of industrial schools established in manufacturing districts for the benefit of the workers of the factories, where the law requires so many hours in the week to be spent in these schools by the younger employees, who thus combine the practical of their business with the theoretical of their school. I quote from Mr. Monaghan: "I have had exceptional opportunities during three periods, since the war of 1870, of investigating the industrial progress of Germany, and to make what might easily be a long story short, I may say it is due mainly to education. When you are building a house, you begin with the foundations. When you are building up a man, you begin with the child. Germany a century ago, after its exhaustion and humiliation caused by the great wars, fixed the foundation of its new life and development on the rock of education. The country was poor, its people could only exist by hard work, and their education was organized so as to help them with their work. . . . Germany has a system of further-developing schools, and indus-

trial art schools, so close to the people that they aid the trades and industries in such a way as to commend themselves to all parties concerned therewith. Education in Germany is compulsory. After graduating from the public schools (or leaving the public school, for reference here is to the lower grade schools which boys leave at fourteen or fifteen for work, as they do with us at thirteen) and entering upon an employment, they are not only expected but compelled to attend these further-developing schools for a period of three years. They go two or three times each week, sometimes on Sunday. They are developing the scientific side, if one may put it thus, of the trade or business with which they are connected." Here, then, is the child at work and yet the school brought to him. But a step further brings to him also those branches of study usually associated with the school alone and suggested more by the liberal than the strictly business and trade view of education. Instead, then, of commercial and mechanical work in the school of the schools, we have school-work in the school of actual commerce and industry, in the store and factory.

And shall we say that this reversal of the older plan may not have a wise and lasting place in educational life?

Is the labor of the store, shop or office more truly educative when imitated in the class-rooms of commercial and trade schools, than when done in course of actual business? Do not the labor and experiences of business life, with their real responsibilities, their unartificial rewards and retributions, their contact with men in real life, do all the former can do and much more? Certainly the real thing done in business or shop, and shaped and regulated to serve the ends of the world's actual economic life, must have an educative advantage above the like thing theorized over in the school-room; while of unquestionably great value is that further reward which the school of actual business gives to its pupils, namely—a knowledge of men and affairs, confidence, judgment, association with practical workers at the centre of the world's daily life.

Keep the children young, we are tempted to say as we see them in our own home circles. A dangerous plan! Rather, let the children learn what they must, of the best masters, and as their years are able! So wise and devoted a parent as Lord Chesterfield wrote his young son: "Do not imagine that the knowledge, which I so much commend to you, is confined to books, pleasing,

useful, and necessary as that knowledge is; but I comprehend in it the great knowledge of the world, still more necessary than that of books. The knowledge of the world is only to be acquired in the world, and not in a closet." "Happy the man who, with a certain fund of parts and knowledge, gets acquainted with the world early enough to make it his bubble, at an age when most people are the bubbles of the world, for that is the common case of youth."

If, then, the commercial and trades training, the business or manual, or whatever the course be called, can be found in actual commerce and trade; if a sufficient degree of scholastic education can there be added, and if with this the maturing man or woman shall gain a higher degree of technical skill and a safer knowledge of men and affairs, does not the plan of the school in business best meet the educational problem for at least a majority of child-kind? Answer as you may for present or future, this is true now—that child labor in the Wanamaker store means education, physical, scholastic, commercial; development in character, fitness for intelligent work, and fitting into a place in the bread-and-butter belt of the world; an open path and a helping hand to the career of the man or woman who shall add a due part to the sum of life and win the crown fashioned by the Great Father for each of us, His children, who finds his duty and does it.

DISCUSSION.

"Q. Has the store any difficulty in keeping out boys under thirteen?

"A. Practically no difficulty. I have no doubt the truth is stretched occasionally and those not yet thirteen brought in, but there must be an affidavit as to age, and few of the class of people from whom our employees are drawn are willing to swear to a lie in order to secure earlier employing of the child.

"Q. Is there a physical examination, a physician in charge?

"A. There is no physical examination other than that which the eye of the employer can give. The first weeks or months of the boy's service, or girl's, develop the fact whether physically, mentally and otherwise, the child is suited for the business.

"Q. How long has this system been in operation?

"A. I think it was six years ago that we began with the school

for cash boys. It was some two or three years before that the initial step, out of which all the rest has grown, was taken. The plan arose originally from a recognition of the fact that the young people who came into the store were not sufficiently looked after. They were apt to be lost sight of, as distributed in the various departments, and when the busy season passed and some reduction in the force became necessary, the department head was often not far-sighted enough to consider that the small boy now would be his best man in the years to come. It was the recognition of this fact that led to the beginning of the plan of which the first step was merely the placing of the smaller boys of the establishment under one head. All the other steps came one by one, as our experience led to them.

"Q. You referred to the fact that your experience had shown that college training was not useful in business career. Are there many college men in your departments, or are you able to find that out?

"A. I did not give this as our own experience and conclusion, but was quoting that of others as given in the pamphlet of Mr. Crane's, to which I referred, and which contains my answer to a letter from him. Mr. Crane sent letters to representatives of various establishments, asking that question. So far as I can recall the answer, it was that we were unable to say exactly, but taking such departments as required salesmen, bookkeepers and so on (that is, dropping out the delivery and packing rooms, where the more highly educated would naturally not be found), aggregating some five hundred and fifty men, we found twenty-six who had had either a full or partial college education. It is not our custom to inquire as to the college education. The difference in the success of the college-educated man and the one not so educated has not, in our experience, been sufficiently marked to make that a point of distinction in engaging the rank and file of our men, although in the man of college education we naturally look for quicker progress or brighter mental work."

The Necessity for Factory Legislation in the South

By Hayes Robbins, Dean, Institute of Social Economics, New York

THE NECESSITY FOR FACTORY LEGISLATION IN THE SOUTH

By HAYES ROBBINS

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The keynote that needs to be struck in the child labor matter, South or anywhere, is not "hands off," but hands on. It is fortunate for social progress that the point of view of modern economic thought has drifted so far away from the old-school doctrine of non-interference that we can take hold of a problem like this to some robust, practical purpose, without becoming intellectually disreputable; and the reason why this is fortunate is that right here factory legislation has met its bitterest opposition, ever since the first child labor act in England, in 1802.

The doctrine that cheapness is the all-sufficient goal of economic progress, the only economic fact of any possible interest or concern to the laborers, has been a corner-stone in political economy. Only within recent years has the idea begun to dawn that an adequate theory of economic welfare must include the interests of the citizen as a producer as well as a consumer; that the conditions under which the man works, and his opportunities of enjoying the fruits of his labor, are quite as vital to his happiness as the price of potatoes or beef or clothing. It is clear, now, however, that cheapness, important as it is, must come, and in the long run can only come, through more effective utilizing of natural forces, by invention and machinery, not through the overworking and social degradation of labor; and the great enlightening circumstance on this point has been the fact that the whole price-cheapening trend of our modern industrial era has come hand in hand with increasing wages, diminishing hours, and restrictions on the labor of women and children.

In respect to child labor alone, the progress of protective legislation has been extraordinary. England has had a half-time factory and school law for children of nine and over since 1844, the half-time age having since been raised to eleven; and a fourteen-year age limit for full-day work since 1874. In Germany the limit

for full-day work is fourteen years, and for any factory work at all thirteen; in Holland, Belgium, France, Austria, Norway and Sweden it is twelve; in Russia fifteen, half-time being allowed from twelve up. In Switzerland it is fourteen; in Denmark fourteen, with half-time allowed from ten up; and even in Italy child labor under nine years is absolutely prohibited.

Here in the United States, at the beginning of 1899, when the last complete compilation on the subject was made, there were limitations on child labor in thirty-four states and all the territories. To select for comparison our greatest manufacturing states, as showing most clearly the possibility of prosperity without child labor, the limit under which such labor is prohibited in Massachusetts, New York, Connecticut Illinois and Indiana is fourteen years; in Georgia no limit. In Rhode Island fifteen and Ohio fourteen, except during school vacations, and no work at all under twelve; in North Carolina no limit. In New Jersey twelve for boys and fourteen for girls; in Alabama no limit, except in mines, twelve years. In Pennsylvania thirteen; in South Carolina no limit. Happily, the tendency is moving Southward; Missouri, Maryland, Tennessee and even Louisiana now have restrictive laws; so that the section specially known as the new industrial South, the home of the Southern cotton and iron manufacturing industries, is the only place in the United States where the idea of protecting the physical, moral and educational opportunities of little children has made practically no impression in statute law.

At the outset, now, of her industrial development, the South has a unique opportunity. She can transfer to her own conditions the results of nearly all Christendom's experience in humane factory regulation, without having to suffer over again the hardships and struggles this progress has cost. I do not mean to imply that all such legislation has worked to perfection, without evasion or hardship; but the vast improvement over no legislation at all indicates the soundness of the effort and points the line of further reform. Those who have not yet even made a start ought not to be frightened out of a beginning because the others still have something more to do.

The Japanese are a case in point. They are now reported to be sending students abroad to study modern labor legislation, with the object of applying it to their own oncoming factory system at the beginning, recognizing that it is as inevitable as progress

itself. Russia, even Russia, has already done this. Surely the new South does not need to go to school in Russia and Japan.

It seems hardly necessary to prove the importance of doing something. Bare statement of the admitted fact that children of eight to twelve, and even younger, are working in the mills through the industrial South tells the story, and ought to be sufficient. Personally, I have seen the child labor system in operation in North and South Carolina, Georgia and Alabama, and gathered some vivid impressions; have seen scores of little people working in the dust and din of the spinning-rooms, seen scores of others on their way to the mills before daylight, who would not come out until after dark, the hours of labor ranging from eleven to twelve; have been in the homes of these people and learned something of how they live and the wages they receive. For example, we brought back from the South some 154 weekly pay envelopes for both adults and children, collected from operatives' families in one of the best sections, and nearly 100 of them are for less than \$1.50 each, per week, the average in most cases ranging from ten to thirty or forty cents a day; only older children earning the latter sums, however.

In other words, low as the wage-rates are, the *actual earnings*, especially of children, are much lower. This is due partly to absences, partly to constant deductions of all sorts, for faulty work, rent, money advanced, car-fare advanced to get them down from the mountains or in from the country to the mills, and what not. In forty-four out of the 154 envelopes, these deductions exactly cancel the entire amount of wages due. Let me cite three or four specimen cases, omitting names. One envelope, repeated two or three times, shows wages for the week \$1.00, rent seventy-five cents, balance twenty-five cents; another, wages \$1.20, tin cup five cents, transportation \$1.15, balance nothing; another, wages \$3.00, rent \$1.40, loan \$1.00, balance paid sixty cents; another, wages \$1.50, transportation \$1.00, balance fifty cents; and so on.

It is impossible to state with exactness the number of children under a given age, say fourteen years, employed in Southern factories. The Federal census does not cover this point, and only one Southern state of the group under consideration—North Carolina—makes any provision for collecting and publishing industrial and labor statistics. Close approximation to the facts of the general conditions, however, is not very difficult. It appears from the

latest report of Commissioner Lacy, of the North Carolina Bureau of Labor, that about 7,600 children under fourteen years of age were employed in 261 mills in that state. The Federal census bulletins on manufactures, now being issued, show the total number of employees in the cotton manufacturing industry in the five Southern states where any important amount of cotton manufacturing exists; and for North Carolina the total in 1900 was 30,273 operatives. In other words, more than one-third of the total number of operatives in the cotton mills of that state are children under fourteen years of age. In South Carolina the total number of operatives in 1900 was 30,201, in Georgia 18,348, in Alabama 8,332, in Mississippi 1,675, the total for the five states being 88,829. Estimating the same proportion of child labor throughout the entire group (and this is entirely legitimate, since North Carolina conditions are even better than in some other manufacturing sections in the South), it would appear that there are more than 22,000 children under fourteen years of age in the cotton mills of these states. On this basis, it is a conservative estimate to say that at least eight or ten thousand of these children are under twelve, while the lower extreme of the age limit is down even to the almost unbelievable point of six years; the fact being well established that children as young as six to eight and nine years are to-day working in some of the Southern mills.

Remember, along with this, the fact just observed in the case of our Northern states and European countries, where legislation on child labor exists, that fourteen years is very nearly the average age under which factory labor is prohibited altogether. In other words, the absence of any restrictions in the South means that fully one-third of all the operatives are younger than the age standard established by the forces of humanitarian opinion and wise statesmanship throughout the larger part of Christendom.

The amounts earned by the children in Southern mills would not be necessary to the support of the families under any proper system of factory regulation. The economics of the situation would inevitably take care of that. If the labor of the children is not available, the mills must employ older help, and in order to get such help must pay wages sufficient to maintain the families, including the children. This is how the matter has adjusted itself wherever child labor has been restricted, and of economic necessity it must be so. The difference in labor expense involved has never

yet been sufficient to hamper industrial activity or drive capital away from any industrial section, and, so long as competing groups are not permitted to gain a permanent advantage by the wholesale use of child labor, it never will.

The lack of restrictions on child labor makes possible also that semi-barbarous institution of night work. Where all the family work by turns in the mill, the results are shockingly demoralizing. Just as a side-light on one phase of this system, let me quote a paragraph from a discussion of factory evils in the South, just published this month, by Rev. J. A. Baldwin, of Charlotte, N. C., a special student of these problems. Where part of the family work by day and part by night, he says:

"The mother has to get up at 4:30 in the morning to get breakfast for the day hands, so they can be at the mill at six; then the night hands come and eat about seven. She has to have dinner for the day hands strictly at twelve. The night hands get up and eat from four to five, so as to be ready to go to work for the night at six; she also gives them a lunch to be eaten at midnight. Then the day hands get out at six and have supper about seven. Besides this, there is house-cleaning, washing and ironing, sewing, and often the care of little children. . . . The mills usually run sixty-six hours per week at night; that is, the operatives work twelve hours from Monday night to Friday night inclusive, and on Saturday get up about two o'clock (before they have had enough sleep) to go to work at three. They then work till nine, at night. As a matter of fact it is usually ten or eleven when they get out.

"Night work is much worse in summer than in the winter. In the winter they go to bed, cover up and sleep soundly. In summer it is difficult to sleep on account of light, heat, flies and noise. In summer, while they usually go to bed, it is a very familiar sight to see them lying across the bed with their work-clothes on, or on a pallet in the passage or on the porch. Their sleep is fitful and unsatisfying, and they never feel bright and fresh from the beginning to the end of the week. They furnish the most favorable conditions for the development of physical, intellectual and spiritual disease germs."

The children of factory families in the South to-day have no protection against this. Night work for women and children ought to be absolutely prohibited. It is, almost everywhere else, even in Russia. This would practically force either the employ-

ment of men only in night work, or else its abolition altogether. I would not deny that there may sometimes be good economic reasons for night work, at least in rush times, but it should be done by men if at all, never by women and children.

Nobody is urging any step that threatens to destroy Southern mill profits, but it must be insisted that there is another way to secure profits than the way of using child labor. Scientific improvement of industrial methods is the only sure and safe road to permanent prosperity, and it would not seem that the South has much to fear when the great bulk of the most prosperous industry in Christendom is being conducted under more or less advanced forms of factory regulation. Furthermore, nobody need or ought to urge legislation as the remedy on the ground that Southern manufacturers are all indifferent and inhumane. Legislation is urged simply because it is the most uniform and least costly method the South could of its own accord adopt. Southern manufacturers are no more types of hardhearted callousness than are manufacturers anywhere; they have all been opposed to factory legislation at one time or another, under the influence of mistaken economic doctrines. I do not know, but would risk it, that scores of Southern manufacturers would be glad to see these evils abolished in their own mills if they could do it without immediate competitive disadvantage with all the rest. Here comes in the advantage of legislation, that by establishing the same conditions and opportunities for all, it imposes no special relative handicap on any.

Moreover, and here is one of the saddest features of all, the fathers, sometimes even the mothers, are among the worst offenders in this whole matter. I have seen cases, and there are others in abundance, where the wife and children practically earn the family living in the mill, while the father thoughtfully carries in the dinner-pail at noon, perhaps working a little on odd days when he gets tired of loafing. We cannot altogether blame the manufacturers when these people are fairly urging them to take on the children in the mills; and we need to remember also that to most of these unfortunate people factory life is a distinct improvement over the log-cabin, salt pork and peach brandy, white-trash and Georgia-cracker type of life from which many of them were sifted out when the mills came. The manufacturer knows this, and it is not surprising that he should even think himself something of a philanthropist, just in furnishing mill jobs on almost

any terms. He does not see as yet that when these people drift down into the factory centres they become industrial, social and political factors in an altogether new and more serious sense than they ever could be while burrowing in the mountain sides.

To have practically all of the next generation of factory operatives growing up stunted in body and mind, and nearly all of them illiterates, in a section of the country where the general average of illiteracy is already appalling, is a matter of the gravest concern. Southern manufacturers sooner or later will have to recognize this fact, and its impending consequences. According to the 1900 census statistics just appearing, the proportion of illiteracy among males of voting age, white and black together, was, in Alabama 33.7 per cent, in Georgia 31.6 per cent, in Mississippi 33.8 per cent, in North Carolina 29.4 per cent, in South Carolina 35.1 per cent; as compared, for instance, with 6.4 per cent in Massachusetts, 6.8 per cent in Connecticut, 9.2 per cent in Rhode Island, 5.9 per cent, in New York, 6.9 per cent in New Jersey, 7.7 per cent in Pennsylvania. The South simply cannot afford to permit the processes to go on that are adding fresh groups every year to its grand total of illiterate and unfit citizens. In the face of the present situation, if a new race of degenerates, brought up in exhausting toil, dense ignorance, and exposed to all the temptations of an unprotected environment, is to be developed now in the fast-growing centres of the new South, they are certain to form a social and civic and economic menace to the community.

This will be true not only of the South; the matter is coming to have a national significance. Within the limits of any one interdependent industrial group, like the United States, there must be at least some general approach to uniformity in the working conditions of the laborers, by given lines of industries. Differences in competitive success must come from differences in managing ability, quality of plant, or natural environment, not from different standards of decency in the use of labor. If long hours and child labor become the fixed conditions of success, the whole field of competing industry must eventually come down to that basis. A competitive influence which works for the undermining of higher standards of living, wherever established, is a matter of universal concern. In a democracy, no condition is safe which offers a competitive advantage to anything that leads toward ignorant, inferior citizenship. It is not safe anywhere, whether in

Southern mill villages or Northern city slums, because to make degradation profitable in any quarter sets the current of tendency that way, with demoralizing effect.

That is why it is not meddlesome interference for American citizens not of the South to have a concern about this matter, from the broad standpoint of national welfare. The real test-point of permanent progress and prosperity, affecting the nation as well as the South, is not the size of profits in Southern mills in the next five years, large as we hope they may be through all proper means; but it is the quality of Southern citizenship in the next five generations. That citizenship is now in the making, and now is the time of times to safeguard its development. Such action will be good economics, good morals, good humanity. For the South, it is an inspiring opportunity.

Child Labor in New Jersey

By Hugh F. Fox, President New Jersey State Board of Children's
Guardians

CHILD LABOR IN NEW JERSEY

By HUGH F. FOX

President New Jersey State Board of Children's Guardians

For the discussion of child labor in New Jersey there are no official data in which reliance can be placed. The reports of the State Bureau of Factory Inspection are conclusive evidence of the incompetence of the inspector and his deputies. The State Charities Aid Association has recently analyzed the report of the Bureau for the year ending October 27, 1900, and has published the results in the *New Jersey Review of Charities and Corrections*,¹ and it is shown that out of a total of 6,014 factories and bakeshops which were discovered by the Bureau, no less than 1,543 were not visited at all, and yet the department reports favorably on 5,862, indicating that 1,391 were reported favorably, but not visited. According to the 1900 census, however, there were in New Jersey 8,308 factories proper (excluding hand trades), and 1,485 clothing establishments, excluding families working in the tenements. The factory inspectors also report on 1,185 bakeries, so that there appears to have been a total of 10,978 establishments which it was the duty of the inspectors to visit.

The factory inspectors found 5,968 children under sixteen in the 6,014 establishments which they reported; an average of about one child to each establishment. Of these they ordered only fifty-nine children discharged during the year. The census reports an average of 8,042 children under sixteen, employed in manufacturing establishments alone, during the year. Attention should be directed, in this connection, to the difference between the duties of a census taker and a factory inspector. The former furnishes a blank schedule to the manufacturer, which he fills out at his own discretion, without any verification on the part of the census taker. In short, the census agent takes what is given him by the employer, and his interest in the matter is entirely perfunctory. The factory inspector is, however, supposed to make his own investigation and get his own evidence, though it is generally believed that in many cases he contents himself with a visit to the office only and a

¹ Vol. 1, No. 4, May, 1902.

polite exchange of social amenities with the employer. While the factory inspector is expected to take a personal interest in his figures, it involves a lot of extra work for him and serious trouble for the employer, if the latter is so thoughtless as to inconvenience him by entering into embarrassing particulars in regard to children. In some instances it is reported that the inspector apprises the factory owner of his intended visit beforehand, the children being given a holiday in honor of the occasion.

The New Jersey laws prohibit the employment of boys under twelve and girls under fourteen, "in any factory, workshop, mine or establishment where the manufacture of any goods whatever is carried on." Children between the ages of twelve and fifteen must have attended school for twelve consecutive weeks (or two terms of six consecutive weeks each) within the twelve months immediately preceding their employment. Children under fifteen must procure a certificate from their teachers giving full particulars as to attendance, etc. The report of the Department of Factory Inspection does not indicate how many of the 5,968 children, under sixteen, are over the age of fifteen, but of the total number of children, only 1,343 were required to produce school certificates. It seems hardly possible that 4,625 of the children employed were over fifteen years of age.

The inspectors have the power to prohibit overcrowding in factories and workshops, and to demand a certificate of physical fitness from some regular practicing physician in the case of minors who may seem physically unable to work. Apparently this gives the inspectors power to prohibit the employment of any girl under eighteen, or boy under twenty-one, who cannot obtain such a certificate, but it is evident from the report of 1900 that this power has not been exercised.

The law prohibits the employment of any child under sixteen "at any work dangerous to health, without a certificate of fitness from a reputable physician." The meaning of this is somewhat ambiguous. Is the physician to certify to the condition of the child or the healthiness of the occupation? Who is to decide as to whether the work is dangerous to health? The questions are, however, entirely speculative, since the factory inspectors have done nothing to indicate any anxiety to put the matter to the test. It does not seem to have occurred to the inspectors that their power to set a standard of physical fitness for children really removes

their chief difficulty. At a recent hearing before Governor Murphy, Inspector Ward pleaded that there were many difficulties in the way of enforcing the laws, his department being confronted with sworn affidavits of parents that their children were over the minimum age of twelve years, while the children themselves are taught with threats never to admit that they are under twelve years old. The test of physical fitness is really much more important than that of age, and the power to apply it gives the factory inspector the whip-hand over both the child's parent and the employer. It seems strange, however, that nothing has been done in this country to define fully the dangerous trades or occupations. The British Parliament appointed a committee some years ago on "Dangerous Trades and Diseases of Occupations."¹ The report of this committee established the fact that lead poisoning is rampant in the potteries, that phosphorus necrosis is common in the match factories, and that naphtha fumes in rubber-manufacturing results frequently in premature aging and paralysis. Among other specially unhealthy occupations may be mentioned glass-making, printing, cutlery, silk-mills, hats, pearl buttons and tobacco. What Mrs. Kelley said in 1896, at the National Conference of Charities and Correction, is equally true to-day:

"The physical condition of working children has never received attention, so far as I know, in any systematic way. There are some desultory provisions in the New York and Illinois factory laws which show there is a dim consciousness in the law-making mind that children may be put at work beyond their strength, unless there is supervision of them by some state officer. But these provisions are so loosely drawn that they are nugatory. The Illinois inspectors are urging upon the Legislature the necessity of adding to the staff a physician who shall give her whole time to the care of the children. There is, at present, no such material available as such a physician could furnish, upon the condition of the children, except the records of measurements made by two volunteer physicians for the inspectors, in 1893 and 1894, covering about 200 children, taken from the factories and workshops of Chicago. These records, published in the Factory Inspectors' Report for 1894, are startling in the proportion which they show of undersized, rachitic, consumptive children at work. They are, however, so

¹See "The Government Factory Bill of 1902," by Gertrude M. Tuckwell, the Honorary Secretary of the Women's Trade Union League. *Fortnightly Review* for June, 1902.

limited in number that their principal value lies in indicating the wide field open for investigating the working child as compared with the school child. What they show, comparatively, is that the stature of the working child is far less, upon the average, than that of the city school child. The child study of the past ten years bears out the assertion that stature in children is indicative of general development, physical and mental."

The New Jersey Factory Inspectors have the power to call upon the public authorities to furnish truant officers, who are required to act under their direction. But this law is also a dead letter. So too is another law which was passed to regulate the sweat-shop evil, and provides that "No person, firm or corporation shall hire or employ any person to work in any room or rooms, apartment or apartments, in any tenement or dwelling-house, or building in the area of a tenement or dwelling-house, at making, in whole or in part, any coats, vests, trousers, knee pants, overalls, cloaks, furs, fur trimmings, fur garments, shirts, purses, feathers, artificial flowers or cigars, unless such person, firm or corporation first shall have obtained a written permit from the factory and workshop inspectors, . . . which permit may be revoked at any time that the health of the community or of those employed as aforesaid may require it, and that such permit shall not be granted until due and satisfactory inspection of the premises affected shall have been made by the said inspector." By a recent act, overcrowding in tenements or rented rooms is punishable at a fine of \$25.00. Each adult must have 300 cubic feet of air; each child under twelve, 150 feet.

Public authority is thoroughly aroused on the whole question of child labor in New Jersey, and some interesting facts are coming to light. The trades unions are taking the matter up, in several directions, and the searchlight of the press is trained on several of the leading industries—notably the glass factories of South Jersey, the silk and textile mills of Passaic county, and the various tobacco and cigar factories which are scattered over the state. It is stated that each man employed as a glassblower is required to furnish a boy as a "helper," and that a combination of the padrone system and veritable child slavery exists. Incidentally it has been developed that many boys have been placed in the families of glassblowers by private child-placing societies and orphan asylums of New Jersey and Pennsylvania. It furnishes a striking

argument for the public oversight of child-caring agencies. Here are a few letters from local cigarmakers' unions:

NO. 101, ELIZABETH.—"We have Mr. Hilson's machine cigar manufactory here, employing about 300 or 400 hands, all girls; about one-half of them are under age; our union has from time to time been obliged to see the factory inspector to remedy this evil; we informed him about a week ago that in case he further neglects his duty the Union County Trades Council and Cigar Makers' Union would be compelled to see the Governor. The leading brand they make is the "Hoffman House," which is done up in neat boxes, and as you can readily see they are able to undersell all union goods, as the lowest price for union cigars made is \$8.00 per M., while they can furnish them with the girls working for them for \$2.50 to \$3.00."

NO. 230, MILLVILLE.—"There is no child labor in connection with our trade in this locality. This being a strong union city we have no use for the production of child labor in our trade. This union covers Millville, Vineland, Bridgeton and Salem. No child labor in either city in connection with this trade; you will find most of the children employed are employed by the American Tobacco Company or Trust. They have a factory in Camden, N. J., this being the nearest one to this city."

NO. 428, TRENTON.—"There is one place that employs 280, mostly children from ten years old. We had a committee last week working on the subject of child labor employed in this place known as the American Cigar Trust; they say it is safe to say that the ages won't average over fourteen. We know for a fact that their children are not allowed to say a word to one another while at work, if they do they will be discharged. They claimed at one time to have over 300 at work and have room and machinery for over a thousand, but don't seem to get them as fast as they thought. Our committee reported that some of these little tots when they came out at night actually fell down from weakness, but there seems to be no way to stop such work.

"The work that these children do costs the Trust \$2.10 per thousand for making cigars, and the low price for men is \$7.50 per thousand; the average cigarmakers will make 1500 a week of this kind of work, and three of these children with machinery make six thousand a week. You can imagine, when the Trust surely get their feet in it, what will become of cigarmaking."

Many of the children in the glass works and in worsted mills are said to have been employed on "night shifts." If the children in state reformatories were worked half as hard as the children in the factories, there would be a perfect storm of indignation. There is, however, a general awakening, and the leading papers in Newark, Paterson, Passaic, Hoboken, Jersey City, Trenton, Camden and other cities have taken the matter up vigorously. The Governor has announced his determination to make the inspectors devote

their entire time to their duties, in accordance with the law just passed, instead of spending their odd moments only in inspecting factories, as has been the case hitherto. Good results are already apparent, and the new inspectors in Essex and Passaic counties are making a strong effort to enforce the laws. The latter has brought suits against several employers for the recovery of the penalty imposed by the state for employing children illegally. There is ample legislation in New Jersey for the regulation of child labor, though the minimum age for boys should be raised to fourteen, and girls to fifteen. Now that the community is informed of the evil, the Legislature may be counted on to make an adequate appropriation for expenses. There ought to be a lawyer on the staff of the Department of Factory Inspection, and an effort should be made to bring the various State Boards into co-operation in the work. It seems curious that no reference has hitherto been made to child labor in any of the reports of the state and local Boards of Health and of Education; nor does the Bureau of Statistics of Labor and Industries seem to know anything of the subject. The various departments of the government seem to be so afraid of overlapping, that in this, as in other matters, they studiously ignore each other.

The "Lord bill," which was passed last session, authorizes the Governor to appoint a woman inspector, and strong pressure is being brought upon Governor Murphy to induce him to do so. The State Federation of Labor has been working for the appointment of a woman inspector since 1897. It is felt that the duties of the office involve personal qualities possessed in an eminent degree by many women, and that a good woman inspector would work a revolution in the department.

The following tables are given for purposes of comparison with other states. The school census of 1900, taken by the state, gave 457,479 children of school age, the enrollment being 322,575. The number of schoolable children is increasing from 7,000 to 10,000 per year. The "persons of school age" in the Federal census cover all from five to twenty years of age, inclusive. The total of them was 572,917 (282,180 males and 290,737 females). The particulars as to parentage are:

Born of American parents.....	271,827
Born of foreign parents in United States.....	226,566
Born in foreign lands.....	54,837
Born of colored parents.....	19,693

[U. S. Census, 1900.]

*Persons of School Age, 5 to 20 years inclusive, in New Jersey Cities of 25,000 or more.
(Showing 62.4 per cent of foreign parentage.)*

	Total.	Native Parents.	Foreign Parents.	Foreign Born.	Colored.
Atlantic City	6,782	4,089	1,265	286	1,146
Bayonne	10,626	2,812	6,289	1,426	100
Camden	22,943	13,793	6,510	1,086	1,557
Elizabeth	10,229	5,551	8,729	1,619	331
Hoboken	18,699	4,463	11,956	2,258	23
Jersey City	63,495	21,535	35,271	5,744	953
Newark	74,897	25,210	38,797	9,114	1,789
Passaic	9,274	1,653	3,934	3,553	134
Paterson	33,170	8,270	18,655	5,965	286
Trenton	22,337	10,591	8,999	2,241	508
	278,452	97,967	140,405	33,292	6,827

Notes from the Census Bulletins Nos. 88, 89, 135 and 157 for New Jersey (1900):

Total population of New Jersey 1,883,669
 This was made up as follows:
 Born of American parents 825,073
 Born of foreign parents in United States 556,294
 Born in foreign lands 430,050
 Born of colored parents 71,352

The percentage of the New Jersey population living in cities is 70.6. The states of Rhode Island, Massachusetts, Connecticut and New York are the only ones which have a larger percentage of their population in cities. In this connection it is interesting to note that New Jersey ranks sixth in the United States in the value of its manufactured products.

The average number of wage-earners employed by manufacturing establishments in New Jersey during 1900 was 241,582 (12.8 per cent of the total population), of whom 8,042 were children under sixteen years of age.

The greatest number employed at any one time during the year was 307,933, or 16.3 per cent of the total population.

The total number of manufacturing and mechanical establishments in New Jersey was 15,481. Of these, 11,115, or 71.8 per cent, were located in forty-four cities and towns. The urban establishments employed 196,901 wage-earners, or 81.5 per cent of the total number employed. The list of industries includes "hand

trades." Omitting them, the total number of manufactures proper was 8,308.

The manufacture of textiles is the most important industry in the state. Of these the silk factories employed 24,157 wage-earners out of a total of 46,932 engaged in textile work.

Foundry and machine-shop products are second, with 17,918 wage-earners.

Refining and petroleum third, with 8,288.

Tobacco has 3,595, pottery 8,117, tanning 4,178, chemicals 3,048, rubber 2,609, jewelry 2,779, sewing machines 4,701, glass 5,383.

The fifteen leading industries of the State embraced 1,780 establishments, and employed an average of 117,008 wage-earners during the year 1900.

Average number of children under sixteen years, employed in New Jersey manufactories during the year 1900 (U. S. Census Bulletin No. 157):

Boots and shoes.....	192
Brass wire.....	65
Bakeries	64
Buttons	71
Carpets	86
Clothing	191
Cotton goods.....	641
Dyeing and finishing textiles	70
Fireworks	85
Foundry and machine shops.....	212
Canning	86
Gas and lamp fixtures.....	181
Glass	850
Hardware	80
Hosiery and knit goods.....	152
Iron and steel.....	65
Linen goods.....	316
Pocket-books	60
Pottery	193
Printing	174
Roofing	74
Shirts	50
Silk	1,109
Stamped ware	119
Surgical appliances.....	75
Tobacco	183

Woolen goods.....	187
Worsted goods.....	456
	—
	6,177
Miscellaneous industries.....	1,865
	— 8,042

Comparison of the reports of the United States Census, and of the New Jersey Factory Inspectors, for the year 1900, in regard to children employed in certain industries in eleven cities in New Jersey:

	Census Reports.	Factory Inspectors' Reports.
Bayonne—Petroleum	21	0
Camden—Worsted goods	160	113
Elizabeth—Tobacco	0	30
“ Clothing and shirts.....	0	10
“ Sewing machines.....	0	22
Hoboken and Jersey City—Silk.....	60	60
Hoboken—Clothing	9	0
Jersey City—Clothing	3	0
“ “ Electrical apparatus.....	45	25
“ “ Printing	48	16
“ “ Soap	42	21
“ “ Tobacco	92	87
“ “ Boxes	0	44
Newark—Boots and shoes.....	108	0
“ Carpentering	65	0
“ Clothing	82	11
“ Corsets	34	17
“ Foundry and mechanical shops.....	52	0
“ Hardware	75	16
“ Jewelry	36	13
“ Leather	22	11
“ Stamped ware	116	0
“ Tobacco	19	35
“ Thread	0	100
New Brunswick—Tobacco	20	45
Orange—Hats	27	5
Passaic—Woolen goods.....	98	15
Paterson—Silk	832	504
“ Foundries.....	91	0
Trenton—Iron and steel.....	54	0
“ Potteries	118	204
“ Rubber	28	47
“ Bakeries	19	47

Child Labor in Belgium

By E. Dubois, Professor in the University of Ghent

CHILD LABOR IN BELGIUM¹

By E. DUBOIS

Professor in the University of Ghent

The industrial census of October 31, 1896, of which the complete results have just been published², furnishes the most recent and the most complete information regarding the extent of the industrial labor of children and the general conditions under which it exists.

Upon that date, out of a total of 671,596 laborers of all ages and both sexes, employed in the manufactures properly so called, and excluding the domestic workshops, there were 76,147 children less than sixteen years of age working in factories and workshops—that is to say, out of every 100 employees eleven were less than sixteen years of age.

The child labor was found principally:

- (1) In the textile industries 11,863.
- (2) In the mining industries 10,167, of whom 5,516 are employed in underground labor, and 4,651 in surface labor.
- (3) In the manufacture of clothing for men and women 9,674.
- (4) In the glass industries 4,429.

Among 4,681 establishments and contractors employing both adults and children, and having at least ten employees: 1,737 (37.1 per cent) employed less than 10 per cent of children along with adults; 1,675 (35.9 per cent) employed from 11 to 25 per cent of children along with adults; 821 (17.3 per cent) employed from 26 to 50 per cent of children along with adults; 361 (7.9 per cent) employed from 51 to 100 per cent of children along with adults; 87 (1.8 per cent) employed more than 100 per cent of children along with adults.

There are, hence, in eighty-seven establishments more children than adults. These concerns belong chiefly to the textile industries (20), to the tobacco industries (10), books (8), clothing (7), manu-

¹ Translated from the French by D. E. Martell, Ph. D., late Fellow in Romanic Languages, University of Pennsylvania.

² Eighteen volumes published by the Minister of Industry and Labor (Brussels, 1901 and 1902). We draw the greater part of these references from "General Statement of Methods and Results of the Census" (Brussels, 1902), which this publication completes.

facture of chocolate (6). One woolen mill and two dressmakers employ only children.

The statistics of the children according to age is as follows:

Number of children aged less than sixteen, 76 147—50,493 boys, 25,654 girls; number of children from fourteen to sixteen, 54,946—36,431 boys, 18,515 girls; number of children from twelve to fourteen, 20,762—13,814 boys, 6,948 girls; number of children less than twelve, 439—248 boys, 191 girls. About one-half of these children less than twelve years old belong to the manufacture of clothing (dressmakers and cutters).

The census has succeeded in determining the length of actual labor (recess deducted), for 61,652 children employed in the industrial establishments, not including the coal mines. Rather more than one-tenth of them (about 7,000) work nine hours and less. One-third (about 21,000) work about ten hours. One-third (about 19,000) work about ten and a half to eleven hours. One-fourth (about 15,000) work more than twelve hours. The days of more than eleven hours are most frequent in the textile and clothing manufactures.

Under the head of time of labor: 61,314 children (38,414 boys and 22,900 girls) work during the day only (92.99 per cent); thirty-six children (boys) work only at night (0.02 per cent), 4,611 children (4,238 boys and 373 girls) work alternately by day and night (6.99 per cent). The majority of these night laborers are employed in the glass industries, viz.: 3,262. Then comes the iron industry with 657 children, and the confectionery factories with 447.

Regarding the coal mines, the duration of labor has been determined for 9,153 children out of 10,167. Among these 9,153 children, 7,772 work during the day only (5,550 boys and 2,222 girls); 4,482 (3,281 boys and 1,201 girls) work ten hours and less; 2,855 (1,900 boys and 955 girls) work ten to ten and a half hours; 308 (246 boys and 62 girls) work ten and a half to eleven hours; 127 (123 boys and 4 girls) work more than eleven hours; 4,827 boys and 9 girls work underground. Working only at night are 1,357 boys (no girls); and in gangs 24 boys. Almost the whole number of the "underground" boys work about ten hours or less, between the descent and the ascent.

One of the great merits of the Belgian industrial census of 1896 is the particular care which was taken in gathering exact

statistics regarding the individual wages of the whole of the working population. The statistics of the wages of the Belgian workmen, by their completeness and exactness, are certainly of the best existing to-day. They have succeeded in ascertaining the wages of 70,688 young workpeople (45,577 boys and 25,111 girls).

Number of children working by the day: with wages less than 0.50 fr., 17,229 = 24.37 per cent; 7,511 boys (of which 2,844 receive no pay); 9,718 girls (of which 6,141 receive no pay); from 0.50 to 1.00 fr., 21,192 = 29.98 per cent; 12,748 boys and 8,444 girls; from 1 to 1.50 fr., 19,723 = 27.91 per cent; 15,090 boys and 4,633 girls; 1.50 fr. and over, 12,544 = 17.74 per cent; 10,228 boys and 2,316 girls.

In round figures one may say that one-fourth of these young employees earn nothing or less than 0.50 fr.; a little more than half earn from 0.50 to 1.50 fr.; and less than one-fifth earn more than 1.50 fr. In fact about two-thirds of the latter earn from 1.50 to 2 fr., and one-third from 2 to 2.50 fr. These percentages relate to the entire number of children, and would be modified somewhat if the boys and girls were considered separately. The figures also show that smaller wages are paid for female than for male labor.

The Law of December 13, 1889

The statutes affecting child labor in industrial establishments have been under consideration in Belgium since 1843. At that time an investigation conducted by the government unveiled the unfortunate and often abusive conditions under which child labor was conducted, and a scheme of very remarkable legislation was drawn up by M. Ducpetiaux, chairman of the Investigation Commission.

But this project was premature. Manchesterian ideas were still the prevalent ones in the country and with the government. Reform was still to be waited for, for almost a half-century longer, in spite of the repeated efforts of divers groups of enlightened manufacturers, of physicians, of philanthropists. All these united efforts succeeded simply in causing to be introduced into the royal decree of April 28, 1884, containing regulations concerning the working of mines, an article, No. 60, which forbade boys aged less than twelve, and girls less than fourteen, to be allowed to labor in the mines.

The industrial troubles of 1886, and the efforts of the Labor Commission instituted the same year, prepared at last the solution to the question, and led to the law of December 13, 1889, upon the labor of women, of youths and of children in industrial establishments.¹

This law placed under restrictive measures the labor of children:

(1) In mines (coal and metal), quarries, stoneyards.

(2) In works, mills and factories.

(3) In establishments classified as dangerous, unhealthy or unsuitable; as well as in those where steam boilers or machine motors were used.

(4) In harbors, terminals and stations.

(5) In transportation by land or water.

It applied both to public and private establishments, even when they were of an educational or benevolent character. By virtue of this provision the law regulated, for example, the labor performed by children in the reform schools, in the lace-making schools, etc.

The law did not affect the family workshops, where only the members of a family are employed, under the authority of either the father, the mother, or the guardian; providing, however, that these workshops were not classed as dangerous, unhealthy or unsuitable,² or that work therein was not performed with the aid of steam boilers or machine motors.

It also did not affect, according to the admitted official interpretation, other workshops which could not be regarded as mills or factories, or which are not classed among the dangerous, unhealthy or unsuitable establishments. Hence, the greatest portion of the clothing factories, which employ a great deal of child labor, escaped the application of the law.

The principal legal provisions applying to children and youths of less than sixteen years are the following:

¹A penal law of May 28, 1888, relative to the protection of children employed in the itinerant professions, forbids the feats of strength and dangerous exercises, inhuman, or of a nature to affect the health of children and youths under eighteen, employed by those who carry on the profession of acrobats and mountebanks, etc.

²There exists a special regulation which puts under authorization and special watchfulness those industrial establishments, which, by their nature, threaten the safety, health and convenience of the public, or offer certain dangers to the health and safety of the workmen who are employed there. These establishments are known as "Classified Establishments."

(1) Prohibition to employ at labor children under twelve years of age (Art. 2).

(2) The King can prohibit, or only authorize under certain conditions, the employment of children and youths under sixteen, at labor that is beyond their strength, dangerous or unhealthful (Art. 3).

(3) The length of the working day is twelve hours at the most, divided by recesses, the total of which shall not be less than one and a half hours.

The King has the authority to regulate the length of the working day, as well as the length and the conditions of recess, in accordance with the nature of the occupations in which the children are employed, and the needs of the industries, professions or trades. (Art. 4).

(4) Night labor, that is to say, labor after nine o'clock in the evening and before five in the morning, is prohibited to children and youths under sixteen (Art. 6).

Exceptions. (a) The King can authorize the employment of children at night, at occupations which, by reason of their nature, cannot be interrupted or retarded, or which cannot be accomplished except within a definite period.

(b) As relating to labor in mines, the King can authorize night labor by a certain class of workmen more than fourteen years of age, also by male children fully twelve years old, to begin their labor at four a. m. (c) The governors of provinces, acting upon the report of the inspectors of suitable labor, can authorize night labor for children and youths, in all industries or trades, in cases of delay resulting from unavoidable necessity, or in exceptional circumstances. This authorization cannot be granted for more than two months at most; but it can be renewed. It must be approved by the Minister.

(5) Children and youths under sixteen cannot be employed at labor more than six days in the week (Art. 7). This regulation provides for the Sunday holiday, but the legislation of 1889 did not intend expressly to forbid Sunday labor. Indeed in 1889 the point was discussed whether the Belgian Constitution (Art. 15) did not oppose the legal prohibition of Sunday labor. Even to-day the question is still in controversy. Hence the law of 1889 solved the difficulty by merely forbidding children to labor more than six days in the week. In fact Sunday, the seventh day, is the day of

rest. There are, however, certain *Exceptions*: (a) As regards the industries in which labor, by reason of its nature, cannot stand either interruption or delay, the King can authorize the employment of children over fourteen, during seven days in the week, whether permanently or temporarily, or conditionally. They must, however be granted, in every case, the necessary time to devote to their religious duties once a week, as well as one complete day of rest in fourteen.

(b) In case of unavoidable necessity, the inspectors, burgomasters and governors can, with respect to the industries, authorize the employment on the seventh day of children and youths under sixteen.

(6) In order to facilitate the enforcement of these legal provisions, children and youths over sixteen must carry a memorandum book, which is to be given them gratis by the parish administration; and which must contain their Christian and surnames, date and place of their birth, their residence, and the full names with residence either of their parents or guardians. Likewise the heads of the industries, chiefs or managers, must keep a registry of the same information that appears in the memorandum books (Art. 10).

The Belgian laws, in their principal provisions which we have just examined, resemble for the most part the laws regulating child labor in other countries. But there is a gap which must have struck the reader, viz.: the absence of provisions for the education of children. Foreign laws, and notably the German, English and French laws, require that the children, whose industrial labor is effectively regulated, should devote to attendance at school the time which they do not spend in the factory or workshop. This is done in the interests of their welfare and for their intellectual and moral development. The legislator only imperfectly fulfills his mission when he confines himself to preventing and repressing the abuses of industrial labor.

This defect in the Belgian law is due to the opposition that compulsory education has met with and still meets among a notable part of the population and among the majority in Parliament.

In order that the statement of legislation may be complete, the author has collected in a table the provisions of the royal decrees which have resulted from Articles 4, 6 and 7 of the law, and which concern the determination of the duration of daily labor and the conditions of recess in a number of industries (Art. 4); the

exceptions to the prohibitions of night labor (Art. 6), and the authorizations of work on the seventh day (Art. 7). (See page 210.)

Art. 3 of the law gives the King the power to prohibit or to regulate the labor of children or youths under sixteen, in certain industries particularly unhealthful or dangerous.

The royal decrees of February 19, 1895, August 5, 1895, and April 5, 1898, have applied this legal provision in the following manner:

(1) Prohibition of labor of children and youths under sixteen in sixty-five industries, enumerated in Articles 1 and 2 of the decree of February 19, 1895. These industries are, for the most part, the chemical ones, or those which manufacture injurious products.

(2) In the lucifer-match factories:

(a) The labor of children and youths under sixteen is prohibited where paste containing white phosphorus is made, or in the factories where matches dipped in such paste are dried. Such labor is also prohibited where matches are dipped in white phosphorus.

(b) Children under fourteen may not be employed in filling boxes with white phosphorus matches (Article 3 of the royal decree of February 19, 1895).

(3) In factories where india-rubber is treated with carbon sulphuret, the presence and the labor of children and youths under sixteen are prohibited (Art. 4 of the same decree).

(4) Art. 6 enumerated a series of industries in which certain places are closed to children and youths under sixteen, because of the injurious and unhygienic character of the labor performed there. Art. 7 prohibits the admission into certain places and labor therein of children under fourteen.

(5) The royal decree of August 5, 1895, regulates the employment of children in rag-shops.

(6) Finally, by force of a royal decree of April 5, 1898 (intercalated into the decree of February 19, 1895, Art. 5) it is forbidden to employ children and youths under sixteen in all places where the treatment of hare and rabbit skins is performed; in all places where the hare and rabbit skins are prepared before the treatment; also in all processes which the skins undergo after the treatment, carrying, brushing, cutting.

In order to give a full account of the extent of the regulation of child labor in Belgium, it was necessary to consider in detail the

INDUSTRIES.	LENGTH OF LABOR AND CONDITIONS OF RECESS. (Art. 4 of the law.)	NIGHT LABOR (Authorization provided by Art. 6 of the law.)	LABOR ON THE SEVENTH DAY. (Authorization provided by Art. 7 of the law.)
I. Spinning and weaving of flax, cotton, hemp and jute (royal decree of December 26, 1892).	For children and youths of 13 to 16 years: 11½ hours a day, 3 recesses of a total of 1½ hours at least. The recess at mid-day to be at least 1 hour. For children of 12 to 13 years, 6 hours a day; recess 1½ hour.		
II. Wooden industry (royal decree of December 26, 1892).	For children and youths under 16: 11½ hours a day. Recess as in No. I.		
III. Newspaper printing (royal decree of December 26, 1892).	For children and youths under 16: 10 hours a day. Several recesses with a total of 1½ hours at least.		
IV. Art industries (royal decree of December 26, 1892).	As for No. III; but for type foundries, the labor of children under 16 is limited to 8 hours a day.		
V. Manufacture of paper, (royal decree of December 26, 1892).	For youths of 14 to 16: 10 hours a day. Length of recess: 3 recesses with a total of 1½ hours at least. For children of 12 to 14: 6 hours a day. Recesses: one or more with a total of 1½ hour at least.	Authorization for young men of 14 to 16. The length of night labor and recesses is the same as for day labor.	

- VI. Tobacco and cigars (royal decree of December 26, 1892). For youths of 14 to 16; 10 hours a day. Recesses: 3 with a total of $1\frac{1}{2}$ hours at least. For children of 12 to 14; 6 hours a day. Recesses: one or more with a total of $\frac{1}{2}$ hour at least.
- VII. Manufacture of sugar (royal decree of December 26, 1892). For children and youths of less than 16; 10 $\frac{1}{2}$ hours a day. Recesses: 3 with a total of $1\frac{1}{2}$ hours at least. Authorization for youths of 14 to 16. The same conditions of labor and recess as for day labor.
- VIII. Furniture and industries pertaining to shipbuilding (royal decree of December 26, 1892). For children and youths under 16; 9 hours a day during the months of October to March, and 10 hours a day during the rest of the year. Recesses: 3 with total of $1\frac{1}{2}$ hours at least. The recess at mid-day shall be 1 hour at least.
- IX. Pottery and crockery-ware (royal decree of December 26, 1892). For children and youths under 16; 10 hours a day. Recess as No. VIII.
- X. Refractory products (royal decree of December 26, 1892). As for No. IX.

INDUSTRIES.	LENGTH OF LABOR AND CONDITIONS OF RECESS. (Art. 4 of the law.)	NIGHT LABOR. (Authorization provided by Art. 6 of the law.)	LABOR ON THE SEVENTH DAY. (Authorization provided by Art. 7 of the law.)
XI. Glass industry (royal decree of December 26, 1892)	As for Nos. IX and X.	Authorization of night labor, for the <i>glass- tapping</i> , to boys of 14 to 16. The same con- ditions of labor and re- cess as by day.	One week in every two, the boys of 14 to 16 can be employed a seventh day at the <i>glass-tapping</i> . On that day the actual labor must not exceed 6 hours, with a recess of $\frac{1}{2}$ hour for rest, and the time necessary for their spiritual de- votions.
XII. Lucifer matches (roy- al decree of December 26, 1892).	For children and youths under 16: to $\frac{1}{2}$ hours a day. Recesses: 3 with a total of $1\frac{1}{2}$ hours at least. One hour at mid-day. During these recesses the workmen leave the premises.		
XIII. Ship-building indus- try (royal decree of December 26, 1892).	For children and youths under 16: 8 hours a day during the months of November to February, and 10 hours the rest of the year. Re- cess: 1 hour during the first months, and $1\frac{1}{2}$ hours during the others.		
XIV. Zinc rolling mills (royal decree of De- cember 26, 1892).	Children from 12 to 14: 5 hours a day. Recess of $\frac{1}{2}$ hour at least. Youths of 14 to 16: 10 hours. Recesses with a total of $1\frac{1}{2}$ hours; noon recess at least 1 hour.	Authorization for youths of 14 to 16. The same conditions of labor and recess as by day.	
XV. Crystal and goblet fac-	For children and youths under 16,	Authorization for youths	One week in every two,

atories (royal decree of December 26, 1892)

who work at glass-making: 10 hours and 20 minutes. Recesses: 3, one of 20 minutes at least, in the morning; one of $1\frac{1}{2}$ hour at least, at noon; a third of 20 minutes at least, in the afternoon.

the youths of 14 to 16 may be employed a seventh day at the manufacture of glass tiles and other analogous labor, which settled glass demands. On that day the actual labor shall not exceed 6 hours, with a recess of $\frac{1}{2}$ hour at least, and the time necessary for their spiritual devotions shall be provided for.

XVI. Industries pertaining to clothing (1st category: hosiery, lace, embroidery, tulles and blond lace, wool-braid, etc.). (royal decree of December 26, 1892).

For children and youths under 16: 11 hours. Recesses: 3 with total of not less than $1\frac{1}{2}$ hours. The mid-day rest shall be at least 1 hour.

XVII. Industries pertaining to clothing (2d category: tanning, currying, tawing, cordwaining, hat-making, fine linen, toilet and millinery, etc., in so far as the law of December 13, 1889, applies to the establishments where these industries are performed), (royal decree of December 26, 1892).

For children and youths under 16, it must not exceed 10 hours a day. Recesses with a total of at least 1 hour. During these recesses the workmen shall be at liberty to leave the premises.

of 14 to 16. The same conditions of labor and recess as by day.

INDUSTRIES	LENGTH OF LABOR AND CONDITIONS OF RECESS. (Art. 4 of the law)	NIGHT LABOR. (Authorization provided by Art. 6 of the law)	LABOR ON THE SEVENTH DAY. (Authorization provided by Art. 7 of the law)
XVIII. Bulky mechanical construction (royal decree of December 26, 1892).	Children of 12 to 14: 10 hours. Youths of 14 to 16: 11 hours. Recesses with a total of 1 hour at least.		
XIX. Small mechanical construction (royal decree of December 26, 1892).	In a first group of industries in this branch (Table A), the length of labor of children 12 to 14 shall not exceed 10 hours. For youths of 14 to 16: 11 hours. In the trades enumerated in Tables B, C, D, children and youths of less than 16: 10 hours. Recesses with total of 1½ hours at least. One hour at noon. Free exit from the premises.		
XX. Bricks and tiles "hand-made," and other similar employments (royal decree of September 22, 1896).	Children and youths under 16: 12 hours a day. Recesses: if the actual day's labor exceeds 8 hours; 3 recesses with total of 1½ hours at least, at noon. If actual labor exceeds 6, but not 8 hours; 1 or more recesses with total of 1 hour at least. A recess of ¼ hour at least is obligatory after each 4 hours of labor.		
XXI. Window-glass industry; basin kilns; dry-	For children and youths under 16: 10½ hours. Recesses with total	Authorization for youths of 14 to 16. The same	One week in every two, youths of 14 to 16 can

ing ground; pot kilns (royal decree of December 31, 1892).

XXII. Mining and quarrying (royal decree of March 15, 1893). N. B.—For the coal mines of Mariemont, where the organization of labor is different from that of other coal mines, the royal decree of March 15, 1893, provides a special regulation.

XXIII. Manufacture of coke (royal decree of March 15, 1893).

A. Ovens for common coke.

B. Coke ovens for the recovery of by-products.

of 1½ hours. Each period of labor shall be followed by a complete rest of a duration double that of the labor itself.

In underground labor, the length of stay, descent and ascent comprises, among children and male youths under 16, 10½ hours. Recess: at least ⅓ of the stay underground. Male children 12 years old may be employed underground after 4 a. m., under the same conditions of labor and recess. For surface labor, the length of labor for children and youths under 16 is 10½ hours. Recess, 1½ hours at least.

Children and youths under 16: 10½ hours. Recess not less than 1½ hours. The principal recess 1 hour.

Children and youths under 16: 10½ hours a day. Recesses with total of 1½ hours. Principal recess 1 hour.

conditions of recess and labor as by day.

Authorization of night labor for male youths of 14 to 16 occupied in cutting out and maintaining the roads and filling up the dumps. Length of labor 10 hours, and recess as by day.

For male youths over 14, authorization for night work. Same length and recess as by day.

be employed the seventh day.

A. One week in every two, authorization to work a seventh day, for male youths of 14 to 16. Day's work 8 hours, less the recess of 1 hour and time for religious devotions.

B. Same authorization as for No. XXIII A.

INDUSTRIES.	LENGTH OF LABOR AND CONDITIONS OF RECESS. (Art. 4 of the law.)	NIGHT LABOR. (Authorization provided by Art. 6 of the law.)	LABOR ON THE SEVENTH DAY. (Authorization provided by Art. 7 of the law.)
XXIV. Factories for the agglomeration of coal (briquette factories), (royal decree of March 15, 1893).	Children and youths under 16: $10\frac{1}{2}$ hours. Recesses: a total of at least $1\frac{1}{2}$ hours. Principal recess 1 hour.		
XXV. Quarries and works connected with them (royal decree of March 15, 1893).	For underground labor, the same conditions as for No. XXII. For surface labor: 10 hours. In the tool repair shops: $10\frac{1}{2}$ hours. Total recess $1\frac{1}{2}$ hours. In the works for cutting and carving the rough products of the quarry: for children and youths from 12 to 16: 8 hours a day, in order to give time for professional instruction.		
XXVI. Metallurgic works governed under the law of April 21, 1810. (Blast furnaces, iron and steel mills, rolling mills, foundries, etc.), (royal decree of March 15, 1893).	Length of labor: $10\frac{1}{2}$ hours a day. Total recess: $1\frac{1}{2}$ hours. Principal recess: $\frac{1}{2}$ hour between 11 and 2 o'clock for the furnace men; 1 hour for the other workmen.	Male youths of 14 to 16 years may work at night, under the same conditions of labor and recess as the day labor.	One week in every two , male youths of 14 to 16 may work a seventh day, in order to feed the blast furnaces and attend to the zinc foundries. Time allowed for religious devotions.

XXVII. Preserving and pickling of fish (royal decree of November 3, 1898).
 Children and youths under 16: 11 hours. Recesses: 3 with total of 1½ hours when actual labor exceeds 8 hours. When it exceeds 6, but not 8 hours, one or several recesses with a total of 1 hour. A recess of 14 hours is compulsory after each period of 4 hours' labor.

XXVIII. Factories for enamel products (royal decree of November 29, 1898).
 Boys of 14 to 16 may be employed at night, one week out of every two, in the work of the enamel cooking ovens. Length of labor and recess as for No. XIX.

law of 1889 and the provisions of the various decrees of which we have just spoken. Let us see now how the law and the regulations are applied:

The Application of the Law.

In order to insure the application of the law and to watch its execution, Article 12 prescribes the appointment of officials by the government, whose powers shall be determined by royal decree.

At first the inspection of labor was vested in officers already charged with other powers. This system, condemned by experience in other lands, did not give good results, and a special body of labor inspectors was organized by a royal decree of October 22, 1895.

According to this decree, the inspection of labor and the observance of the execution of the law of 1889 in the mines, quarries and metallurgic works is committed to the engineers of the mines. For all other industries, the service of labor inspection is attached to the Labor Bureau.

This service comprises:

(1) Inspectors of labor in the central administration, residing at Brussels. These officers are six in number: two inspectors-general, three labor inspectors and one female inspector.

(2) Inspectors and deputies residing in the country. There are actually eight labor inspectors in the provincial service and six deputies. The country is divided into nine districts, and the departments of inspection have, on the last occasion, been defined by a ministerial decree of December 16, 1899.

(3) Finally, a certain number of medical inspectors are charged specially with watching over the application of the rules with reference to the healthfulness and safety of the workshops.

The labor inspectors not only have charge of the execution of the law of 1889, but also of the laws on the payment of wages, the regulations of factories, etc. They make an annual report, and their reports have been published regularly since 1895, and from them information must be secured concerning the law's execution, even though the reports are often incomplete and unmethodical.

I will refer here particularly to the last report published, that of 1900:

The law of 1889 was not applied seriously until 1895, following the reorganization of inspection. Since then progress has been

made, but it is incontestable that in several of its provisions the law is not applied as it should be in all parts of the country. The press and Parliament¹ have several times pointed out this unsatisfactory situation.

The inspectors certainly perform their complicated and delicate work with fidelity. But they are too few in number to fitly discharge their numerous duties. The opposition or the ill-will of the manufacturers is still too frequent; and when the inspectors wish to apply the law and enforce its respect, they do not always find the support which they should have among their superior officers.

In certain industries, *e. g.*, glass and hand-made brick, which employ a considerable number of children, the application of the law is particularly to be desired. It is true these industries have peculiar economic characteristics. There has already been introduced a regulation less severe for the brick-works, and certain mitigations are being asked for the glass industry.

Too many children are still permitted to labor before having reached the legal age of twelve years. The inspector for the district of East Flanders (Ghent) announces that the number of children under twelve found in the industrial establishments was particularly numerous in 1900. He found seventy-five such in his district in ten hosiery factories, two tobacco factories, one lace-making school, one mechanical weaving mill, one jute mill, one sugar refinery. (Report 1900, pp. 88, 89.) In some other districts the situation is better, according to this report, but almost everywhere violations are still observed, as well as the complicity of parents. "Families in need often make all efforts and use all sorts of devices to cause their children under age to be admitted to labor." (Report, p. 143.) It happens that the regulation note-books requiring the entry of the child's age contain false declarations, or they are delivered to the children under age by the civic authority. (Report, p. 127.) Moreover, these note-books are often missing, and the registries which the masters should keep do not always come up to the demands of the law.

A royal decree of December 26, 1892, as we have said, organizes the system of half-time—six hours of work—for children of twelve to thirteen, employed in the textile industries other than the woolen industry. This system has not given good results.

¹ See particularly the discourse of M. Renkin, Catholic Deputy of Brussels, proceedings of June 13 and July 2, 1901.

The manufacturers prefer to do without children under thirteen, rather than adopt this special organization. In the works which have adopted this system, the child does not benefit from it at all. "After having worked six hours in the morning at the spinning or weaving of linen, the parents send that child to complete the day's labor at a chairmaker's, at picking rags, or in a preserved fruit and vegetable factory, where the law does not protect him any longer within the same limits. Moreover, if he does not work in the afternoon, he roams around the streets and becomes vicious, the school refusing to admit as pupil a child who can only attend half the time." (Report, p. 65.)

This confirms what was said above, concerning the defect in the Belgian law, which contains no regulations for the instruction of children whose labor it limits.

On several occasions the labor inspectors have called attention to the necessity of extending the application of the law to the workshops which are not included, and especially to the clothing and millinery shops, which freely employ numerous children. They ask, in every case, that the legislator should state more clearly and precisely than the actual interpretation of the law does, the distinction between the workshops subject to the law and those that are not. (Report, pp. 3, 66.)

Finally, the inspectors think that it is necessary to revise and to simplify the royal decrees, the complications of which give rise to many difficulties. This revision is, by the way, at present under consideration. (Report, pp. 3, 44.)

From what precedes, we may conclude that, except certain desirable ameliorations and simplifications, Belgium possesses a law comprising what is needed for the protection of children employed in the industries, and a law regardful of the many interests of industry. The most important present problem is to secure general, strict and complete execution of the legal provisions. Nothing is more demoralizing, from the social point of view, than to possess laws to which officials either cannot or will not compel obedience.

Machinery and Labor

By Henry White, General Secretary, United Garment Workers
of America

MACHINERY AND LABOR

By HENRY WHITE

General Secretary, United Garment Workers of America

This subject is one which involves the whole industrial problem. It is the complexity of conditions due to the introduction of machinery which has caused the wide differences of opinion upon the question of wealth distribution. Under the simpler methods of industry the manner in which the proceeds of labor were divided was readily understood; to-day, however, the system is so highly organized that there is much confusion as to its operations. The perplexity is so great that many who see in labor-saving inventions some malign purpose, and others again who discern that any means which enhances the productiveness of labor must benefit mankind, are unable to comprehend the manner by which that result is effected. The habit of judging the operations of so complex a system by the effect upon special interests instead of viewing it as a whole, accounts for the common misconception regarding the function of machinery.

If people were to consider how meagre would be the rewards of toil without the aid of machinery, how costly the necessities of life, and how small the purchasing power of the laborer, its uses would soon become apparent. The confusion is heightened by the dual relation which a person occupies as a producer and as a consumer. As a consumer he benefits almost at once by every saving in effort, while as a producer his means of a livelihood may in consequence be threatened. The laborers thrown out of work by a machine or even the merchant forced out of business through some combination cannot be expected to appreciate the beneficence of such economy. In both cases their horizon is limited to their own means of a livelihood. When a person finds his occupation suddenly gone, it outweighs all other considerations; and unmindful of the benefits he may have received from similar economies in other trades, inventions to him seem a curse. The rewards of the particular invention which distresses him go to the body of consumers and he only shares indirectly as one of them. In the case of the wage-workers the gain is not evident as it is with the manufacturer

who first utilizes an invention, and consequently their views on the subject will differ correspondingly. It is regrettable that even the temporary disadvantages of industrial progress should fall heavily upon some to the advantage of others, but it is as unavoidable as friction is to motion. The suffering can be mitigated only in proportion as our knowledge of the methods of industry increases, by recognizing the inevitableness of the changes and preparing to meet them.

Economic laws, like the laws of nature, admit of no exceptions. Were discriminations possible the consequences would make the present hardships seem nothing in comparison. In fact, society would quickly disintegrate and revert to its primitive state. If society had to wait for the sanction of every person before a forward step could be taken it would never start. In the process of adjustment and readjustment which progress implies, it is unavoidable that some have to be forced out of old grooves and made to fit into new ones. It is this adaptability to change which characterizes modern enterprise; this willingness to suffer immediate discomforts for the achievement of larger ends.

The general confusion as to the service rendered by machinery is not strange considering the absurd notions which are rife regarding the rudiments of social economy. No distinction is usually made between useful and useless labor. There is supposed to be only a given amount of work to be done, and hence the less each one does the more jobs there will be to go around. If wealth be wasted or destroyed, it will in some mysterious manner be replaced. The destruction of property by fire or flood is regarded with complacency by those not directly affected, upon the supposition that more work is thereby provided, without taking into account that the wealth required to replace it must be diverted from some productive use. The spending or circulating of money is equivalent to creating wealth. Luxury is looked upon with more favor than frugality, and it is even thought that gambling benefits a community as much as industry because the fortunate ones spend freely, and the misery which it begets is lost sight of in contemplation of the profits of a few. With such erroneous ideas entertained even by educated people, it is apparent why the complex operations of our industrial system are so slightly understood. The expansion of industry which follows labor-saving devices, the creation of new industries and the consequent replacing of those displaced is un-

intelligible to all save those that comprehend economic principles. In addition to the popular misconceptions of the subject, there are historic causes which have created this antipathy to machinery. During the transition from the domestic to the factory system in England, machinery became a club to subjugate the laborer. Untutored, unorganized, without any resisting power, the former independent artisan, now a factory hand, was placed in brutal competition with his fellows, and every invention only served to add to his helplessness. The plight of the English laborers at that time abundantly shows that there are circumstances in which the wealth of a nation may increase tremendously, the productive power of labor multiply many-fold, while the workers on the other hand become impoverished and brutalized. Mill was of the opinion that machinery had not benefited the working class, but happily, since the time in which he wrote, education and organization, two indispensable factors in their advancement, have come to their aid. An upward trend has in consequence taken place, and the stimulus which it has given will make a relapse, owing to the advances in sanitary science, as improbable as another visitation of a plague. Where the workers have succeeded in acquiring some independence, in raising their standard of living, machinery, despite the drawbacks described, has undoubtedly become a potent factor in the elevation of their class.

Under a collective system the immediate benefits which would be derived by each individual through labor-saving inventions are its chief merit, but to compare the good features of an imaginary social system with the disadvantages of the existing one is not an easy task. It can, however, be shown that this desired co-operative principle actually does work out at the present time in a rough way by the distribution of the benefits of inventions throughout society and that there are possibilities for a more perfect application of it.

As to the workers' share in production, Karl Marx in his incisive analysis comes to the conclusion that the value of commodities is based upon the labor cost plus the profits of the capitalist and in that he is in accord with the authorities upon social science since Adam Smith. He deduces from that, that labor alone represents the actual wealth which is exploited for profit by the capitalist and that the very capital invested was previously appropriated from the laborer. Granting this conclusion, Marx should have

made allowance for the competition between capitalists by which the price of commodities is kept within certain limits and the benefits of cheaper production are given to the consumers. In the cases Marx deals with, cheaper production unfortunately did not only mean more economical methods, but lower wages and long hours and the sacrifice of the worker, while the consumer represented some one else than the operative, who barely subsisted on his pittance. Without the ability to purchase the goods he produced, England had to dispose of in foreign markets that which should have been consumed at home, always the best market. Her chief dependence being upon outside markets, everything had to be subordinated to cheaper production, no matter how obtained.

Concerning the attitude of trades unions upon the question of machinery, the membership being composed of men with the usual abilities, their views do not materially differ from others. Having, however, the benefits of an education derived from a close study of economic problems and an experience which has helped them form broader opinions, they are gradually reconciling themselves to machinery. As for example the action taken at the late convention of the American Federation of Labor held at Scranton. In a resolution introduced by the delegates of the Cigar Makers' International Union requesting that a certain firm be declared unfair, there was reference to a cigar-making machine used in the shop of this employer. Although the machine was mentioned as an evidence only of the inferiority of the product of the concern, a vigorous objection was at once raised by the delegates against any mention of the use of machinery by the firm. In the debate which followed, it was argued that the convention could not afford to go on record as against labor-saving devices and that any attempt to oppose them would prove futile. The objectionable words were stricken out by a decisive vote. As to what action the convention would have taken if the delegates had thought it possible to suppress the machine is a question. The decision of the convention, however, has brought the movement to a point in which the members will be enabled to take a more liberal and complete view of the subject, and realize that the limitation of work is not only impolitic, but that by increasing their capacities the opportunity is afforded for them to insist upon a fair share in the larger product. The British unions have not advanced in that respect as far as the American unions because the habits of the working

people there are more set, but circumstances have also changed very much their attitude toward machinery.

The Typographical Union is a notable example of a union which accepted a revolutionizing invention as being inevitable, and thus succeeded in securing a rate of wages for the operators considerably in excess of that received by the hand compositors. An officer of the New York Union estimates that each linotype machine introduced into the newspaper offices displaced three men, and that within three years, owing to the increase in the size of the newspapers and the larger demand for printed matter which it encouraged, the men laid off have been re-employed, and that to-day the pay-rolls even exceed the former figure. This machine has also had the effect of elevating the standards of the craft, owing to the higher skill and education required. The competition among the employers is such that profits are reduced to a minimum, the public therefore receiving the full benefit of the improvement.

In the building trades, similar results are also noted. Improved methods have led to a prodigious expansion in building operations. The laborer's work is now largely done by mechanical means, and parts of a structure, such as the trimmings, are made in factories and are only fitted together upon the premises. The subdividing of the work is carried on to an extent that a number of contractors, each performing a distinct function, co-operate in the completion of a single building. When this specializing began and the ingenious hod-hoisting device made it unnecessary for men to make beasts of burden of themselves, a general alarm was created over the prospect of great numbers of workmen being thrown out of employment. To-day a far greater number of men are steadily employed in this fundamental industry than at any time in its history.

Examples of this kind can be cited indefinitely to demonstrate the larger results which flow from greater economy in effort. Allowances are seldom made for the enterprises which could not be carried on at all were it not for labor-saving methods.

The lowering of the cost of commodities enables the average person to indulge in what were formerly considered luxuries, and by this encourages the development of new industries. The tendency under the influence of machinery is for industry to spread out fan-shape, ever widening as the distance from the starting point increases. Were it not for the limitations set by the pur-

chasing capacity of the people and the periodical disarrangements or panics which occur as a result of what is conveniently termed over-production, there would be no check. To fear a surfeit of wealth seems absurd considering the needs of the average person. What is meant by over-production is the inability to buy what has been produced.

Russia with her immense population is unable to consume the products of her few mills, while in the United States, where the efficiency of labor is higher than anywhere else and is being increased at a marvelous rate, not to speak of the half-million aliens absorbed every year, the percentage of unemployed is lower than it has been for years, and even less than during the earlier part of our history when manufacturing was in its infancy.

To increase the purchasing capacity of the people either by higher wages or cheaper products is to reduce the surplus and maintain an equilibrium, hence the economic value of higher standards of living. Production cannot be greater than the ability of the average person to consume, any more than water can rise higher than its source, therefore increased production must be accompanied by the same increase in consumption, if normal conditions are to be maintained. No matter to what extent machinery, division of labor or economy in management may be perfected theoretically, the demand for labor ought not to be diminished. The eight-hour work is advocated by many, not because of the personal benefit to the workman, but upon the same grounds that they would favor the curtailment of production, in the belief that it would increase the number of the employed. By decreasing the average amount of work done in order that it may be distributed more evenly may accomplish that object temporarily, but if generally practiced would decrease the demand for work through the increase of the price of the commodity.

It is doubtful if workmen in a particular craft have ever succeeded for a length of time in erecting a wall around themselves and preventing as many extra men as could be employed from getting in if the emoluments were sufficient. So even if it were possible to so restrict work as to create a scarcity of workmen, this pressure from without would prove irresistible and the normal level would be maintained. If on the contrary a lack of work would make a number of workmen superfluous, there would be a tendency for them to find their way into growing occupations. Union

regulations, such as apprenticeship rules, can and do prevent undue crowding into a trade owing to a sudden and temporary demand which would prove highly injurious unless checked, for it would serve to break down standards upheld by the union. Through such means an assimilation of those entering the trade is gradually accomplished.

Unions have been frequently charged with trying to restrict output. The same accusation has also with equal effect been made against industrial combinations for seeking to create an artificial scarcity. In many cases where unions endeavor to prevent rush or driving work injurious to the worker, they have been accused of limiting work. Such restrictions can be easily defended. That labor organizations have in some instances attempted to prevent the use of labor-saving appliances there can be no question considering the prevailing ideas on the subject, and organized workmen can give force to their opposition, but that such is the policy of labor movement is far from fact as I have just illustrated. The opposition to labor-saving methods is not confined to workmen alone, for employers will rail against competitors able to give better service for less cost. The same resentment at being forced out of a settled occupation is entertained by all.

The actual injury done by machinery is caused by the suddenness of the changes that result. Since there could be no way of regulating inventive genius, and the incentives for using improvements will remain as great, the rational and the only way to meet them is by preparation. The working class suffers most because it is less able to accommodate itself to new situations. The rising generation should be better equipped with a general knowledge of mechanics, and taught how to handle tools with skill. Such a training would undoubtedly relieve the difficulty and it could only be adequately supplied by the public schools. The results would be to increase the independence of workmen, as they would not then rely upon a small division of a trade or upon a single employer. Independence and higher wages go together. Unskilled laborers in some cases learn more than skilled mechanics for the reason that workmen trained only in one craft are usually unfitted for other work, while those accustomed to being thrown upon their own resources are more adaptable.

In the case of the aged workman the situation is specially hard, as he cannot find any place in an industrial system in which alert-

ness counts for more than skill. He cannot profit by accumulated experiences as others do. It is the tragic side of the question, this grievous predicament of the worker who has spent his energies adding to the nation's wealth. It can and ought to be overcome, not by any system of alms-giving which must always prove inadequate, not by retiring him to idleness, but by keeping him employed at such work as his long training and peculiar abilities fit him for. As his earning power declines at a certain period, some system of insurance could supply the deficiency.

In respect to the material advantages of machinery, it surely has enlarged the capacities of the people and multiplied their opportunities. The possibilities are such as to make the mind tremble in anticipation. It is the agency which alone can raise wages, reduce the working time and enhance the buying power of money—a threefold gain.

The feeling against machinery will not cease until the workman profits more directly as a producer as well as a consumer, until he is treated as a human being and not as a mere animated tool, until he becomes more than a tender, an incident in production. The human element must become more evident and the toiler made to feel his partnership. The true mission of machinery would then be revealed to all as the only means which liberate man from drudgery, increase his control over nature and provide the leisure essential to a higher culture.

One of the acknowledged evils of machinery is the exploitation of child labor which usually follows its introduction. Such was the case in England, and we find it repeated to-day in the new industrial districts of the South. In such industries where the repetition of a small mechanical process enables child labor to be employed, the temptation to take advantage of the opportunity is great; for children have no rights to assert, no wage scale to uphold or working time to protect. In that respect child labor is akin to slave labor. It must be added for fairness that the capitalists utilizing such opportunities are not alone to blame, for short-sighted and grasping parents often drive their children into the mills because of the paltry sum which can be added to the family income, and in time they get into the habit of depending upon the pittance purchased at so terrible a price.

The inducement of a "plentiful supply of cheap labor" is also held out to capitalists by small communities as a means of per-

suading them to locate factories in their neighborhood. These are the two chief obstacles in the way of reform. In course of time, however, as the consequences become more evident and the exultation over the establishment of a new factory wears off, the public conscience revolts against this debasement of the helpless children and the law is eventually evoked to suppress the evil. The strenuous efforts being made in the South upon the part of the labor organizations and sympathizers to enact protective laws lead us to hope that we will at least be spared the dreadful experiences of England during the first half century of the factory system.

V. Tendencies of Factory Legislation and Inspection in the United States

By Sarah S. Whittelsey, Ph.D., New Haven, Conn.

TENDENCIES OF FACTORY LEGISLATION AND INSPECTION IN THE UNITED STATES

By SARAH S. WHITTELEY, Ph.D.

The introduction of the factory system in American industry acted in this country, as it had in England, to develop certain abnormal conditions of labor that in the end required government interference. Thus in the manufacturing states, chiefly in the North and East, there has come into existence a very considerable body of factory law. The enactment of such regulative statutes is the prerogative of each of the several states acting independently and according to the discretion of its own legislature; in consequence there is great variety in these laws and in their scope,—from the comparatively complete codes of Massachusetts and New York to absolutely no regulation whatever.

Present Factory Laws of the United States.¹

“In all, about half the states have so far passed what may be called a factory act; that is, laws for the regulation, mainly sanitary, of conditions in factories and workshops. These include . . . the New England states generally, New York and the Northern Central and Northwestern states following their legislation. There are almost no factory acts in the South nor in the purely agricultural states of the West, but these statutes are being passed rapidly and moreover, in states where they have already been enacted, are being amended every year.

“The most usual statutes are those making provision for proper fire-escapes, or against use of explosive oils, etc.; for the removal of noxious vapors or dust by fans or other contrivances; requiring guards to be placed about dangerous machinery, belting, elevators, wells, air-shafts, crucibles, vats, etc.; providing that doors shall open outward; prohibiting the machinery from being cleaned while in motion; laws to prevent overcrowding and to

¹ This discussion is based upon the Report of the U. S. Industrial Commission, Vol. V, on Labor Legislation.

secure sanitary conditions generally."¹ Building laws also re-enforce these measures.

Antedating such factory acts proper, the same states have very generally passed statutes regulating child labor and forbidding employment to those under a stated age. In eleven states this age limit is fourteen years, in nine over twelve, and in four,—New Hampshire, Vermont, Nebraska, and California,—ten years; eleven also make educational provision for older children and illiterate minors.²

The majority of states have further legislated upon the hours of labor of minors, while fifteen limit the working time of women as well, generally to sixty hours per week, but in Massachusetts to fifty-eight hours, in New Jersey to fifty-five, and in Wisconsin to forty-eight.³ Eight also provide for time for meals, and five prohibit night work.⁴ This limitation of hours for women and children, considered "wards of the state," very generally necessitates a similar working day for the adult male laborer in the factory, while it in a measure avoids the serious question of constitutionality that a broader statute could not fail to raise.

"There is absolutely no limitation for persons of any age or sex only in Iowa, Kansas, Oregon, Nevada, Washington, Idaho, Montana, Wyoming, Utah, Kentucky, Arkansas, Texas, North Carolina, Alabama, Florida, Mississippi, New Mexico, Arizona, Oklahoma, and the District of Columbia."⁵

Besides these statutes, other laws that must be mentioned, as immediately affecting the interests of factory labor, are those which regulate wage payment and fines, also the employers' liability acts which allow recovery of damages for bodily injury

¹ Report of the U. S. Industrial Commission, Vol. V, pp. 100-101. N. H., Me., Mass., Vt., R. I., Conn., N. Y., N. J., Penna., Ohio, Ind., Ill., Mich., Wis., Minn., Neb., Del., Mo., N. Dak., S. Dak., Ga., La., D. C., Wash., Mont., Wy., Md., Cal., Tenn. These range from complete acts, like those of N. Y. and Mass., to fire-escape provisions only, as in N. H., Me., Del., Va., Ga. etc., while Ala., the Carolinas, etc., are still entirely outside of the group.

² *Child labor*—(14 yrs.) Mass., Conn., N. Y., Ind., Ill., Mich., Wis., Minn., Cal.; (girls 14 yrs., and boys 12 yrs.) N. J., La.; (13 yrs.) Penna., Ohio; (12 yrs.) Me., R. I., Wis., Md., W. Va., N. Dak., Tenn.

³ *Hours of labor*.—(Women and minors), Mass., Me., N. H., R. I., Conn., N. Y., N. J., Penna., Wis., Neb., S. Dak., N. Dak., Okla., Va., La.; (Minors), Ind., Vt., Ohio, Ill., Mich., Minn., Cal., Md., Ga.

⁴ *Night work and meal hour*:—N. Y., Mass., Neb., Ind., Mich.; (meal hours), La., Penna., Ohio.

⁵ *Ibid.*, p. 40.

sustained in service. Thirteen states have passed laws regulating the period of payment by individuals and corporations, and nine others stipulate weekly or fortnightly payments by corporations. Only Massachusetts, Indiana and Ohio have attempted to "prevent the withholding of wages or the imposition of a fine by factory employers for imperfect work."

Outside of the New England states "anti-truck acts," similar to the English statute and stipulating a money payment, have been passed in sixteen states, five of which, however, limit its application to corporations. It may be noted in passing that several of these wage-regulating laws have already fallen under the ban of the courts.

Employers' liability statutes supplement the factory acts by affording additional reason for care on the part of the employer in guarding dangerous machinery and otherwise providing for the safety of those in his employ. Twenty-two states have legislated upon the "fellow-servant" question, and ten make employers liable for injury caused by defective machinery. Of these, however, only six apply in full to factory labor.

The states that have passed factory acts and regulated hours of labor "have usually created one or more factory inspectors, charged with the duty of seeing that the statutes are carried out generally with powers to enter personally or by deputy and to inspect all factories at any time."¹

The child labor laws are variously entrusted for enforcement to the factory inspectors, school committee or board of education, commissioners of labor, or left to the care of the police.

Historical Development.

It may seem perhaps that such a sketch fails to show the underlying or directive principle of this legislation, but a detailed study of the laws adds confusion rather than enlightenment. Studnitz considered that he had seized upon the real causal force and summed up the situation in the statement that American labor legislation has been determined by the political and social strength of the laborers demanding it, rather than in accordance with the natural needs and varied conditions of industry within the states.²

¹ Report of the U. S. Industrial Commission, Vol. V, p. 100.

² Studnitz *Nordamerikanische Arbeiterverhältnisse*.

Allowing this explanation at least as to the immediate agency, we must nevertheless recognize the fact that other forces are at work and that there are traceable tendencies of a natural growth even when arbitrary human action is so apparent. The most casual acquaintance with the history of labor legislation must convince us that the action of economic law has inevitably necessitated the legal regulation of labor; and this really in spite of human opposition and in the face of extreme doctrines of non-interference. Industrial labor unregulated has everywhere developed the same symptoms. Competition between producers tends to encourage all possible reductions of costs, to reduce wages, to increase the use of cheap child labor, to perpetuate long hours of labor, etc., and to range the interests of the employing class against those of the operative class. In the struggle which results from this antagonism the employer has the advantage of position to force his own terms of contract upon the laborer, for he has in his hands an accumulated capital which is equivalent in power to effective organization. Such conditions left to work themselves out have invariably acted to degrade the social status of labor, the heaviest pressure falling upon those who could least resist it. This was the experience of England first, then felt on the Continent and in this country in the New England states and other centres of manufacture, and to-day we are becoming aware of like tendencies in the cotton-goods industry of the South.

It was almost universally the evils attending child labor that evoked the first acts of regulation. But although abuses were very serious, legal remedies were most timidly applied. Even with the example of the successful issue of the English laws the New England legislatures contented themselves with the passage of most inadequate measures, measures that could hardly have been looked upon as anything more than unenforcible threats. We realize how complete a change of attitude toward this "intermeddling legislation" has been brought about during the course of the past sixty years when we compare a few of these old laws with those to-day in force. Contrast, for example, the detailed and exacting requirements of the present law concerning child labor in Massachusetts with the older Vermont statute, which is quite typical of the earlier order and "merely requires the selectmen of towns to inquire into the treatment of minors employed in manufacturing establishments; and if a minor's education, morals, etc., are unreasonably

neglected, or he is treated with improper severity or compelled to labor unreasonable hours, they may, if he has no parent or guardian, discharge him from such employment and bind him out as apprentice with the minor's consent." (Vt. 2518.)¹

Early measures were certainly neither severe in the regulation imposed nor exact in defining the parties held to be responsible. They generally involved a question of volition, making "willful" transgression alone punishable, and thus unenforcible in the letter, were given into the hands of town officials who had neither the power nor the effective desire to investigate or to bring suit.

Such enactments stood for little more than a public recognition of abuses which they in no wise checked, but the increasing menace of the situation, the threat, not to be scorned, of a future sickly and illiterate labor population, forced the passage of more adequate measures and the resort to a better mechanism of enforcement than that of town officials and the general police. In such reforms Massachusetts took the lead, enacted and repealed several contradictory statutes, and finally by the slow process of continued amendment evolved the present really enforceable law.

We feel in studying the halting stages of this development not only that there was a pardonable ignorance of ways and means in attacking a new problem, but also the influence of a more or less skeptical public opinion concerning this policy of interference which reflected itself in hedging clauses that weakened and sometimes vitiated what would otherwise have been good measures.

In spite of many drawbacks to advance, however, there was no retrograde motion, but a continued development of strictness and detail in exactions, of clearer definition and placement of responsibility and of more adequate provision for inspection. As these laws gradually demonstrated their practical usefulness and convinced the public of benefit instead of harm, the former attitude of timidity gave place to a decided peremptoriness, the former indiscriminate *omnibus ad quos hae litterae pervenerint* to placed responsibility.

Meantime the way was opened for more wide-reaching regulations concerning hours of labor, work-room conditions, etc., and a broader conception of the province of such legislation and of that which might be considered proper subject of legal interference.

¹ Industrial Commission, Vol. V, p. 48.

Whereas the first attempts to protect even little children from conditions that imperiled their health and life were bitterly opposed in England upon grounds of national policy, to-day we find statutes that regulate not only child labor, hours of labor, factory constructions and the use of machinery, but also others that stipulate times and manner of wage payment, and forbid fines in dealings with adult male employees. And this has come to pass in America where "freedom of contract" is the constitutional right of every individual citizen.

Our laws have indeed very steadily progressed from measures of simple protection to detailed regulation of conditions, and even to the securing of special benefits to labor.

This broader application of the legal remedy has been accompanied also by marked territorial extension, following the growth and spread of manufactures. Other states have felt the necessity of adopting a labor code and have naturally, in a general way, followed the forms of New England and New York. They range, however, through all stages of incompleteness. A curious phenomenon constantly appears in this imitative legislation. When a state legislature passes a new labor law, or revises an old one, it does not necessarily adopt the latest form nor that which has proved to work most satisfactorily in another state, nor yet a combination of choice clippings from several. A state legislature is generally perfectly content with a law that is about as poor as the average and looks forward most placidly to the inevitable train of amendments that must follow in its wake. By this I do not mean to criticise in the least the enactment of less strict regulations as a lower age limit or longer hours of labor, which may be proper under given local conditions, but alone the continued repetition of blunders and faults of construction that have elsewhere proved their character and their power to nullify the intent of the law. Fortunately experience proves in the end an effective, if dear, teacher and one of the lessons that it ultimately drives home is that even a state legislature cannot legislate the laws of nature out of the world arena. As Jevons said, "The state is the least of the powers that govern us." But as the physician through his knowledge of medicine and physiology, and by his diagnosis of the symptoms of disease, is able to pit law against law, and to restore health where he found abnormal conditions; so the statesman who understands the social order and the tendencies of economic forces

is often able to control their action. In either case, a knowledge of the active agencies is absolutely necessary to the solution of the problem. The recent organization of bureaus of labor statistics is certainly significant in this connection. To-day, when a question of labor legislation is presented, there is, in many states, such a qualified advisory body to whom the whole matter may be referred for investigation and study, and whose regular duty it is to inquire into and report upon labor and industrial conditions within the state. This indicates a growing appreciation of the necessity of accurate information and of the exercise of due care in passing acts of regulation.

Enforcement by Inspection.

The problem of enforcement of these laws has proved even more serious than that of their enactment. Labor laws, however good, cannot enforce themselves. It may appear to be for the laborer's own interest to report violations and seek the legal remedy, but the indisputable fact is that he does not do it. Moreover, not only is the individual laborer often not in a position to do so safely, but even the labor union shrinks from the task. The whole history of the movement for the regulation of labor shows the absolute necessity of efficient inspection, a fact which has unfortunately been most clearly demonstrated in the general lack of such inspection. In nothing do the states differ more widely than in their provision for inspection. There are such specifically differentiated departments as that of Massachusetts or New York; there are such combinations as that of Connecticut, where a single inspector with two or three assistants enforces the factory, workshop and bake-shop acts, while the Board of Education is charged with the child labor laws; and there is dependence alone upon the general police force.

Inspection always lags too far behind legislation and has given some ground of credit to the often-repeated criticism that this labor legislation is not in fact intended seriously, but has been entered upon the statute books rather to still the clamor of agitators for reform than to effect any real change in conditions. It is certain at least that the serious effectiveness of these laws develops in exact proportion with the inspecting power,—with the organization, number and qualification of inspectors. If the charge of insincerity, however, had been true, we might expect to find that the

better the laws became, the stronger the pressure that would be brought against the development of costly inspection. The legal remedy being given, is it not the privilege of the individual to avail himself of it, rather than the duty of the state to force it upon him? On the contrary, however, the history of inspection runs parallel and in the same direction with that of the legislation just reviewed. The same economic and social forces that were the *raison d'être* of these laws have quite as distinctly and steadily, though more slowly, created the supplementary machinery of enforcement. The unreliable and haphazard inspection of town officials has passed entirely, superseded by the inspector whose sole duty is inspection, in which duty he is aided by assistants immediately under his own command, or by members of other departments of government. The tendency towards the development of *distinct* inspection departments is quite unmistakable though the exact form of their future organization is less easily predicted. There are two toward which present forms lean, one exemplified in Massachusetts, the other in New York.

In Massachusetts the inspectors are organized as a division of police, under the chief of police as chief inspector, exactly as the detective division, for instance. That of New York is a separate and distinct body under a chief appointed by the governor to hold that single office.

The question is therefore raised as to whether organic connection with the police department or separate and distinct autonomy is the more practical and advantageous form. It is conceded that Massachusetts has developed the most efficient corps of inspectors in this country, but this cannot at present be taken as conclusive proof of policy, because Massachusetts was earlier in the field, and because opposing obstacles were hardly so serious as those met in New York. Further, such connection with the police department in Massachusetts seems to have been largely due to local conditions and to have grown out of measures dictated by immediate convenience at the time of the passage of the early child labor laws, rather than a deliberately chosen system of administration. A clipping from the history of the department will make this clear.

"At first the unreliable mechanism of truant officers and local town or city officials was solely depended upon for inspection. Then, under new child labor statutes, a single deputy was in each case detailed by the police department to aid enforcement (1866,

c. 273; 1867, c. 285). The law of 1877 (c. 214), increasing the duties of factory inspection by regulations looking to the safety of employees, provided that members of the State Detective Department should act as inspectors of factories and public buildings, to report and prosecute violations of this act as well as of other measures relative to the employment of women and minors. . . . In 1879 (c. 305), the governor was authorized to appoint two regular inspectors from the police department. . . .

"Better administration was finally secured in 1888 (c. 113), by separating the detective and inspecting forces. . . . With the enactment of stringent steam-boiler inspection laws, a new department of boiler inspectors . . . was created."

While in some ways this affiliation with the police has been helpful, there are also drawbacks in the combination under one head of work in fields that are so large and so distinctly marked off from one another not only in object, but most essentially in methods of work. It would seem that a due co-operation between district departments could be made to afford all of the advantages of the closer relationship, while it would insure the whole time and energy of the chief to a task that is quite enough to occupy his entire attention. Indeed, with the increasing number and detail of regulations, the many technicalities that arise in the application of labor laws and the rapid growth of the factory system of industry, another specialist will soon be demanded to fill such an office. The necessary increase in numbers alone must make the police connection awkward.

In framing many of these laws, for example the factory acts, much has necessarily been left to the discretion of inspectors in the decision of what is "adequate" provision. Especially where appliances not contemplated in the ordinary law are offered, very careful judgment is called for. Such powers cannot be entrusted to untrained and inexperienced persons, however well intentioned, nor is the training of police duty any sufficient preparation. It would not be considered appropriate to appoint a policeman inspector of stationary steam boilers or examiner of engineers, yet under present factory laws, technical knowledge of industrial processes, machinery, etc., is sometimes equally demanded. In Massachusetts the original method of detailing police as inspectors when occasion demanded, or even permanently installing them in these positions, has been abandoned for the stricter and more

adequate tests of civil service examinations open to all applicants. And again her example indicates a general trend.

The tendency in inspection already is, and in the future must be more markedly, toward the growth of a distinct and specialized department, in which the chief and his assistants are trained for their work. Such a department, while it would not stand in the relationship which some at present hold to the police, would come into closer touch with other departments, as the Board of Education and Bureau of Labor.

Uniform Labor Legislation.

The influence of state boundary lines upon the course of legislation in this country is an interesting question, and one upon which entirely diverse opinions are held. Some go so far as to claim that there never can be really successful legislation so long as such boundaries hold; that if a good labor law is passed in one state and enforced there, the benefit that may result to the few operatives is balanced by the restriction which it puts upon the producer and the consequent discrimination against capital in that state as compared with its neighbors. Capital therefore seeks investment in those sister states instead of in the law-trammeled one, thus reacting against the interests of the labor market there; while states that so profit in their freedom are the more loath to give over their advantage by enacting similar measures. Thus legislation in one state becomes at once detrimental to its own industrial interests, and a check upon legislation elsewhere. Loud protests of this tenor were heard, for example, in Massachusetts a few years ago, when at a time of business depression the cotton mills suffered from the competition of Southern rivals. A somewhat extended study of the situation at that crisis, however, failed to show that these detrimental consequences had followed in actual life, or that the stress felt by the mills could have been removed by a suspension of the laws complained of.

On the other hand, when we begin to reckon with the difficulties that must be encountered in any attempt to legislate upon labor conditions in this country treated as a whole (even disregarding entirely the present constitutional impediment), we find arguments showing that local self-government has probably furthered the development of labor legislation. In the first place, it is much

more difficult to persuade a body with such wide jurisdiction to pass what must often be experimental measures and may endanger national interests. Suppose, however, that this legislation was undertaken, it would be well-nigh impossible to frame a measure that would apply with justice throughout and in communities where industrial occupations differ entirely in kind, or, if of like order, range through many stages of development. It would mean that such legislation must conform to a very low margin of production in order to avoid injury to states where conditions are backward, and that would leave unregulated much that has clearly shown need of regulation in states where there is higher organization of industry. Would it not, in fact, be absolutely necessary to mark out territorial divisions that might not of course follow state boundaries, but would not in the end differ essentially from them in character? Again, such divisions mapped, what an impossible labor is put upon the central body if it would legislate wisely for the several sections! Would it not be necessary at least to appoint some advisory body to study the local needs of each section and to report recommending appropriate measures? In the end, what would we have in the least better than the present system?

Within a single state the labor interest is united, the pros and cons of the situation can be more easily investigated, effects more easily watched and even more accurately predicted. Jevons might indeed have considered it a well-fitted laboratory for his scientific experimentation in legislation. The success of a local experiment acts often as an incentive to labor elsewhere to demand like privileges, and as against the argument of an insignificant tax upon production, the political power of the labor party has very generally won the day. The second state feels itself at no greater disadvantage than that which took the initiative in the movement, and may easily take the precaution of passing restrictions that are a trifle under those of its neighbor.

This discussion, however, leaves us still face to face with a confusion of local regulations, among which there is total lack of any uniformity. The situation has for some time attracted public comment, and there is a growing desire for uniformity especially in the protection of child labor and in the curtailment of the hours of labor, which are the regulations that particularly affect the interests of capitalists. Quixotic attempts to force an amendment of the Constitution, and to secure the passage of a national eight-hour-

day law, have been chronicled in the movement, which nevertheless, with more moderate aims, has steadily gathered strength. At last, under the Industrial Commission of 1898, the problem of uniform legislation has been clearly recognized and carefully studied, "in order," the act reads, "to harmonize conflicting interests and to be equitable to the laborer, the employer, the producer and the consumer" (Sec. 3). Empowered to report with recommendations either directly to Congress or to the several state legislatures, the Commission addressed itself in this "matter of domestic law" to the state legislatures. The report submitted is of such interest and importance that I quote in full its recommendations so far as they apply to factory labor:

"Perhaps the subject of greatest public interest to-day is that of the regulation of the hours of labor permitted in industrial occupations, and especially in factories. . . . Obviously Congress has no power, without a constitutional amendment, to legislate upon this subject. The Commission are of the opinion that a uniform law upon this subject may wisely be recommended for adoption by all the states. We believe that such legislation cannot, under the federal and state constitutions, be recommended as to persons, male or female, above the age of twenty-one, except, of course, in some special industries, where employment for too many hours becomes positively a menace to the health, safety, or well-being of the community; but minors, not yet clothed with all the rights of citizens, are peculiarly the subject of state protection, and still more so, young children.

"The Commission are of the opinion, therefore, that a simple statute ought to be enacted by all the states, to regulate the length of the working day for young persons in factories (meaning by young persons' those between the age of majority and fourteen); and in view of the entire absence of protection now accorded by the laws of many states to children of tender years, we think that employment in any capacity or for any time, under the age of fourteen, should be prohibited. The question of shops and mercantile establishments generally appears even more subject to local conditions than that of factories; therefore the Commission see no need for even recommending to the states any uniform legislation upon this subject. But child labor should be universally protected by educational restrictions, providing in substance that no child may be employed in either factories, shops, or in stores in large

cities, who cannot read and write, and except during vacation, unless he has attended school for at least twelve weeks in each year."¹

These are certainly conservative recommendations and illustrate again the difficulty of finding any common ground of action even in the fundamental requirements of health and education. The exception made with reference to shops and mercantile establishments upon the ground of local differences in conditions is interesting. So much evidence has been brought of abuse of child labor in the mercantile houses of many large cities, especially in respect to these two matters of overwork through long hours and of interference with common-school education (above recognized) that several states have voluntarily extended provisions of the factory laws concerning minors to cover such establishments. These conditions appear to reproduce themselves with remarkable similarity in various locations, and it is not altogether clear what local conditions could intervene to make the universal application of the measure proposed for factories undesirable.

Notwithstanding all moderation and the exceptions allowed, two of the commissioners still recorded themselves as considering it "unjust and impracticable to attempt any uniform laws regulating labor in all the states," and a third concurring with these adds that, "the conditions to be dealt with will work themselves out better under local self-government than under any iron-clad rule adopted by or suggested from a central power."²

The protestors are from the Southern states and their protest seems peculiarly pertinent at this time, when the prevailing conditions of child labor in these states are attracting so much attention. Not to digress into a discussion that would lead us too far afield, let it suffice to sum up the evident facts of the situation in a single paragraph.³

Whatever their previous condition of freedom, barbarism or poverty, there are to-day, in the cotton mills of the South, large numbers of little children, some under ten years of age, who can be and are employed sometimes eleven and more hours a day, sometimes eleven hours of the night. Indeed conditions parallel the times

¹ Report of Industrial Commission (1900), Vol. V (pp. 3-4).

² *Ibid.*, p. 10.

³ See pamphlet upon "Child Labor in Alabama," "An Appeal to the People and Press of New England, with a Resulting Correspondence," obtainable from the secretary of the Alabama Child Labor Committee, P. O. Box 347, Montgomery, Alabama, and from Room 624, 105 East Twenty-second Street, New York City.

of Shaftesbury in England! Attempts to pass bills that can hardly be deemed extravagant in the protection demanded, and even compulsory education measures, have been opposed and frustrated. The reasons given for such resistance of legal interference may be summarized about as follows, at least in Alabama, which has been the field of a recent encounter: That the bill presented by the Alabama Child Labor Committee¹ is "outside interference" and "only the entering wedge"; that "Georgia (facing the more difficult task in) having double the number of spindles, should act first"; that against the expressed desires of mill officers, parents insist upon the employment of their children or "take their families to other mills where no objection is made" (and this the law would make impossible);² that the prodigiously early development of this particular class of Southern children together with "the length and heat of the day" which "are prime factors respecting the hours that may be appropriated to labor"³ make it inadvisable to limit the hours of labor of children to ten out of a possible twenty-four, or to require that they should sleep and not work at night. We cannot say that the movement for uniform legislation or even for labor legislation "under local self-government" is unopposed.

The recommendations of the Commission also include the following:

"Further regulations, especially in the line of bringing states which now have no factory acts up to a higher standard, is earnestly recommended.

"In states which have many factories the well-known factory act of Massachusetts or New York, based upon the English act which served as a model to all such, is recommended for adoption.

"The sweat-shop law also, which is now practically identical in the important states of New York, Massachusetts, Pennsylvania and Ohio, is recommended for general adoption.

"A simple and liberal law regulating the payment of labor should be adopted in all the states, providing that laborers shall be paid, for all labor performed, in cash or cash orders, without discount, not in goods or due bills, and that no compulsion, direct

¹ Alabama Child Labor Committee: Edgar Gardner Murphy, Rector of St. John's Episcopal Church, Montgomery; Thomas G. Jones, ex-Governor of Alabama; Lucien V. Lataste, Montgomery; J. H. Phillips, Superintendent of Schools, Birmingham; John Craft, Member of Legislature, Mobile; A. J. Reilly, Member of the Legislature, Ensley.

² J. H. Nichols, Treasurer, Alabama City Mill, Boston *Evening Transcript*, October 30.

³ Report of Industrial Commission Vol. V, p. 10. J. W. Daniel, dissenting.

or indirect, shall be used to make them purchase supplies at any particular store.”¹

The report refers also to other statutes which reinforce certain common law doctrines, such as those concerning intimidation, strikes, boycotts and black-listing, to those protecting the political rights and legal rights in suit of labor and to the recognition accorded to trade unions in provisions for incorporation and protection of labels, making however no special recommendation concerning them to the states.

We see, therefore, that beyond the elementary regulation of child labor and hours of labor for minors, the Commission would have the states establish a standard of good sanitation and of safe conditions in factories everywhere, and above this, especially suggests a scientific and well-tested law for adoption in states having large manufactures. The restriction of hours is always looked upon chiefly as a health measure, but it is certain that the general bodily vigor of the worker has been more markedly affected by modern improvements in ventilation, lighting and sanitation than by any of the shorter day statutes. Factory acts assist materially in forcing this advance and have received a due recognition of their usefulness. In recommending the universal passage of a sweat-shop act, the Commission endorses the old saying, that an ounce of prevention is worth a pound of cure. As a matter of fact, such laws have been passed, and in an incredibly short time (since 1892, when New York passed the first of this series), in those states in which the evil is important. Attempts to extirpate the evil in these states threaten to drive it into neighboring sections. Connecticut, for example, lying between Massachusetts and New York, in both of which quarters the anti-sweat-shop war is being vigorously pushed, has enacted a similar statute simply as a protective measure.

It is clear that the ultimate effect of uniform labor legislation will not be one law applying throughout the length and breadth of this great land, but rather a graded system. It will determine a minimum standard of regulations, a basal plane of competition for American industry. Above this it will still be necessary for the local government in many places to impose stricter requirements where there is complexity of organization, but in that which is

¹ Report of Industrial Commission, Vol. V, pp. 4, 5, 7.

² *Ibid.*, p. 6.

fundamentally essential to the common well-being of the community there will be one limit approved for all that may not be transgressed.

The suggestion made in the Industrial Commission's report as to how this standard may be determined is especially well considered:

"In conclusion the Commission would recommend the establishment by all the states of labor bureaus or commissioners, who shall, besides their local duties as now defined, be charged with that of exchanging their statistics and reports, and of convening at least once in a year in national conference for general consultation, which national conference shall have power to submit directly to Congress its recommendations for such federal legislation as a majority of the state commissioners may deem advisable, and shall also submit to all the states, through the commissioners of each separate state, their recommendations for such uniform state statutes upon labor subjects as may seem wise and desirable."¹

If we rightly interpreted the action of local governments in establishing these bureaus of labor, as a step towards more scientific legislation in those states, surely this plan of a national conference of state commissioners of labor stands for a still more important extension of the scientific method in questions of labor legislation. It also illustrates a tendency that is becoming more and more evident, namely, the fuller reliance that is being placed upon "intelligence as a social regulator" and "publicity for controlling industry and commerce." Make known the actual conditions that prevail, point out the appropriate remedy, and the weight of an informed public opinion will go far to force reform whether through an act of legislation or through the influence which may be exerted by consumers upon producers. Indeed the battle cry of the day is, "Give us but an enlightened public opinion and our fight is three-quarters won."

The suggestion of regulating business relations through the pressure of public sentiment has been seized upon with almost too great avidity by some who would apply it as the immediate and sufficient solution of all labor difficulties and as an argument against the enactment of any statutory regulations whatever. Such a proposition appears, however, of doubtful value at present under

¹ Report of Industrial Commission, Vol. V, p. 6.

the conditions of unenlightenment that unfortunately prevail, and it may be feared, does not proceed from the best friends of labor.

Constitutionality.

Recurring to this fact of opposition, already earlier noted, it has been questioned whether this counter-movement does not offer a real menace to the future growth of the labor laws, and indeed to the continued existence of the present body of legislation. In a number of instances where labor laws have been brought to the test of a court decision they have been pronounced unconstitutional and annulled upon the ground that they "contravene freedom of contract," are "class legislation" and so forth. This has been the fate of statutes regulating the hours of labor for women over twenty-one years of age in Nebraska, California and Illinois; of weekly payment laws in Pennsylvania, Illinois, Missouri, West Virginia and Indiana; of anti-truck acts in Pennsylvania, Ohio, Illinois and West Virginia; and of those prohibiting company stores or coercion of purchase in Pennsylvania, Illinois and Tennessee.

In Massachusetts, on the contrary, the regulation of hours was sustained "as a health or police regulation." Also at the time when the bill for the extension of the act concerning weekly payments was before the legislature the justices returned as their opinion to the House of Representatives that such an act was within the constitutional power of the General Court to pass. It is also worthy of notice, that in spite of the decision by the Supreme Court of Nebraska in 1894,¹ a new law defining hours of labor for women was passed in 1899, and to-day applies not only in factories, but in restaurants and hotels as well. Again, in the report just reviewed, the commissioners have recommended the general enactment of an anti-truck and freedom of purchase act in spite of the decisions of Pennsylvania, Illinois and Tennessee courts.

Verdicts of unconstitutionality have therefore hardly affected more than the very border of the factory laws; the regulation of child labor, of workroom conditions, of hours of labor for minors,

¹41 Neb., 127. Nebraska (1899, 1907).—No female shall be employed in any manufacturing, mechanical or mercantile establishments, hotel or restaurant in this state more than sixty hours during any week, and ten hours shall constitute a day's labor. The hours of each day may be so arranged as to permit employment of such females at any time from six o'clock in the morning to ten o'clock in the evening; but in no case shall such employment exceed ten hours in any one day.

have never even been questioned. It hardly seems likely that any of these laws will ever be put to the court test at all. Both in England and in this country, they have proven generally beneficial to public interest, they have been pretty cheerfully accepted and obeyed; they have gained public approval; they have the political support of a large labor party. Perhaps the apparently adverse action of the courts ought rather to be looked upon as a healthfully conservative influence against possible evil results of hasty and ill-considered legislation or attempts to interpose legislation where the object could be better obtained by the effective organization of labor and should be left to the initiative of the unions.

Factory legislation has been inevitably necessitated by the action of economic and social forces, and may, in fact, be regarded as a natural phenomenon accompanying the growth of the factory system of manufacture. It has developed against the opposition of extreme doctrines of free contract, and having demonstrated itself in the facts of actual life has also created a new theory of the relation of the state to labor and industry.

"The state may determine the plane of competition; it may equalize the conditions of contract as between employer and employee; it may intervene to protect the standard of living of the workers. The only limits that theory places upon these lines of interference are considerations of the general good."

In the historical development of factory laws, well-marked tendencies are traceable. The early attitude of timidity has given place to that of peremptory command. Progress has been steadily toward increased severity in the regulations imposed, increased exactness in detail and definition, towards distinctly placed responsibility and towards more adequate inspection.

The expansion of industry in this country has of course been accompanied by a like territorial extension of the labor laws. Accomplished through the independent action of the several state legislatures, the result has been an unfortunate confusion of unrelated and non-uniform measures. One of the recent and most important tendencies of this legislation is the movement for greater uniformity, made especially prominent by the attention given to it as a part of the study of the Industrial Commission. It indeed seems probable that these efforts will eventually issue in the determination of a minimum standard of labor legislation for the

country as a whole, above which common basis the states will rise in grade according to the development of industrial organization and consequent increase of regulation demanded. This is necessarily a matter of voluntary conformity on the part of the separate state legislatures and therefore a fulfillment to be awaited with all patience.

VI. Juvenile Courts

Probation and Juvenile Courts

By Mrs. Emily E. Williamson, President New Jersey State Conference of Charities and Corrections

PROBATION AND JUVENILE COURTS

By MRS. EMILY E. WILLIAMSON, ELIZABETH, N. J.

President New Jersey State Conference of Charities and Corrections

Perhaps the most practical movement in penal reform is probation, putting a stop as it does to the source from which crime is recruited. The principle involved in probation is prevention and, where properly applied, has resulted in a very large diminution of crime. Massachusetts reports a falling off of 75 per cent in juvenile crime, owing to probation. Juvenile and first offenders should never be dealt with as real criminals under the law except in special cases of depravity. Penological science lays down general rules for the treatment of juveniles and first offenders, absolutely prohibiting imprisonment except for those convicted of flagrant crimes, as it breaks down self-respect, placing a stigma on character that is never removed. Its deterrent power is destroyed with its relief from care and comfortable support and it hurts the physical, mental and moral health of the prisoner. The main object in the sentence of the convicted juvenile or first offender should be his rescue from a criminal life; therefore a complete investigation should be made of his character, home and environment before trial. In Massachusetts the probation act requires a probation officer to inquire into the nature of every criminal case brought before the court, and he may recommend that any person committed by the court be placed on probation. The question for the court, upon the information of the probation officer, is to decide whether it is safe for society to allow the prisoner to go at large. It has become an established fact among the people of Massachusetts, after several years of trial, that in the administration of justice the probation system has been wise and beneficial.

The probation law enacted by the legislature of Illinois in 1899 declares the purpose of the law to be as follows: "This act shall be liberally construed to the purpose that its end may be carried out, to wit: that the care, custody and discipline of a child shall approximate as nearly as may be that which should be given by its parents; and in all cases where it can be properly done, the child be placed in an approved family home and become a member

of the family by legal adoption or otherwise." The Illinois juvenile court in its instructions to probation officers states that it will be the endeavor of the court to carry out both the letter and the spirit of the foregoing act, and to this end the court will have in mind the following considerations: *The Welfare and Interests of the Child*.—To save the child from neglect and cruelty and from the danger of becoming a criminal or dependent. *The Welfare of the Community*.—Lessening the burdens of taxation and loss of property through the ravages of the criminal class and by preventing pauperism and crime. *Temporary Care*.—The law forbidding the keeping of any child in a jail or station-house, a place of detention is provided under the care of the court. Whenever practicable the child is to be left with his parents or with some suitable family. *Supervision After Action of the Court*.—The probation officer is expected to keep a special oversight of the child by frequent visits at regular intervals and by reports from parents or custodians.

In Pennsylvania the law requires that the probation officer shall be notified when any juvenile offender is brought before the court, that he shall make such investigation as shall be directed by the court, be present to represent the interests of the child when the case is heard, furnish such information and assistance as the judge may require and take such charge of any child before or after trial as may be ordered.

Massachusetts, Rhode Island, Pennsylvania, Illinois, Indiana, Minnesota and New Jersey have state probation laws. San Francisco and Washington, D. C., have probation officers for the cities alone. New York has at last provided for probation and also for children's courts, but the plans are not yet completed.

Voluntary probation officers in many cases in the large cities assist the paid officer, and in Chicago, Philadelphia, Boston and New York the child-saving societies of all denominations have placed officers—appointed by them for this purpose—at the disposal of the court. Their services have always been accepted. In New Jersey the State Board of Children's Guardians greatly assists the county probation officers. Wise child-saving work can be done with this mutual co-operation.

In March, 1900, a bill prepared by Justice Franklin T. Fort, of the Supreme Court, was passed by the New Jersey legislature, providing for the appointment of probation officers and authorizing judges of the Courts of Quarter Sessions to appoint one probation

officer and, with the consent of the board of county freeholders, as many other probation officers, not exceeding three, one of whom may be a woman, as the judge deems wise. The classes of offenders who may be probated, *i. e.*, respecting age, etc., is left entirely to the discretion of the judge. Seven counties in New Jersey have probation officers—Hudson, Essex, Morris, Union, Middlesex, Mercer and Atlantic

In February, 1902 at my request, I was appointed, by the court, probation officer for Union county, New Jersey, to serve without salary, the court granting fifty dollars a month for a clerk and allowing necessary expenses—in all not to exceed eight hundred dollars annually. The following are the descriptive blanks and rules prepared by me and allowed by the court. In addition, case cards are kept in which all records in detail are entered. A synopsis of each case is also entered in a history book which is easily referred to by an index kept on the Dewey plan. Each probationer is visited by the probation officer or her clerk once a month and in special cases oftener. The probationer reports regularly at the office, either in person or by letter, at such times as directed.

UNION COUNTY PROBATION OFFICER.
RECORD.

No.			
Name			
Address			
Age	Height	Weight	
White or colored		Color of eyes	Hair
Complexion			
Special marks			
Religion	Church		
School	Teacher		
Nationality	Married or single		
Number of children, names and ages			
Occupation			
Employer's name and address			
Father's name and address	Occupation		
Mother's name and address	Occupation		
Other members of family			
Previous offense			
Present offense			
Date committed to Probation Officer	Years expire		

Fine, \$

Costs, \$

Re-arrested

Cause of Re-arrest

REMARKS:

Ledger number

UNION COUNTY COURT OF QUARTER SESSIONS

RULES GOVERNING PROBATION.

THE PROBATIONER is required by the Court,

FIRST.—To furnish promptly, by letter or in person, such information as the Probation Officer may require.

SECOND.—To mail on the first of each month a letter, stating his present residence and occupation, place of employment and the name of his employer; also the number of days employed during the previous month, the place or places of employment and the names of his employers. If the Probationer is of school age, the number of days of school attendance must be given. The truth of these facts must be certified by parent, employer, school teacher or some other person satisfactory to the Probation Officer.

THIRD.—Evil companions and bad associations must be avoided. Strict temperance must be observed. The Probationer must in every way conduct himself as an upright and law-abiding citizen.

FOURTH.—To report promptly to the Probation Officer every change of residence. To consult the Probation Officer before moving out of the State of New Jersey or out of Union County.

FIFTH.—If the Probationer undertakes to pay fines or costs at stated periods these payments must be prompt. If unable to meet the obligation promptly he will send advance notice to the Probation Officer.

The probation period is three years. If during this period of trial the Probationer fails to observe strictly each of the above rules, he is liable to be taken into custody at any time by the Probation Officer to serve the full term of his suspended sentence. Liberty depends entirely on the good conduct of the Probationer.

During the three months that I have held this office twenty-six cases have been probated to me by the judge of the county court and forty-six by the police justices of the county. The ages of the probationers and the character of the charges made against them are as follows:

	Total number.	White.	Black.	Catholic.	Protestant.	Jew.	County Court.	Police Court.	Embezzlement.	Larceny.	Disorderly conduct.	Assault.	Malicious mischief.	Mischief.	Truancy.	Previous offenders.	Probated without trial.
Males over 16 yrs. .	31	25	6	12	18	1	14	17	1	11	16	2	1	1	1	12	
Males under 16 yrs.	28	28		20	6	2	6	22	7	9	1	1	5	1	5	13	
Females over 16 yrs.	6	4	2	3	3	..	2	4	..	..	4	..	2	..	..	4	
Females under 16 yrs.	7	6	1	6	1	..	1	2	..	6	1	..	..	..	..	..	4
	72	63	9	41	28	3	23	45	1	24	30	3	8	1	5	29	4

The secretary of the New Jersey State Charities Aid Association in his report says: "It is easier in Union than in most counties to learn whether such an officer is needed by the court, by the prisoner and by society, for the records of the Union County Jail are exceptionally complete. The Warden's report contains statistics on two most important points—the ages of the prisoners and the number of the commitments. These two points are most important because the probation system presumes that all persons who are inexperienced in crime, whatever their actual age, can be better treated under supervision outside of jail than in idleness within jail.

"The New Jersey law was made broad enough to include both children of 7 years and adults of 83, except where safety demands the prisoner's incarceration. From the Warden's report it appears that 591 persons were sent to the county jail last year for terms averaging twenty-nine days. Of this number only 181, or 30 per cent, had served previous sentences. The great majority, 70 per cent, or 410, had never been previously committed. Among these first commitments are found persons of every age from 7 to 70 excepting 52, 56, 58, 62 and 69, while the years 71, 77 and 83 have one representative each. Take what age we will, public sentiment would approve another chance outside of jail, for every first offender, provided the dignity of the law and the welfare of society would be in no way jeopardized by suspending sentence. Our probation law provides for failures to reform outside of jail and gives to the probation officer and the court power to inflict the

original but suspended sentence at any time within three years from the date of conviction. It is manifest that every successful case of probation nips in the bud a potential and probable career of crime."

The oversight of adult first offenders by a probation officer is of immense value in reforming the offender and also results in a great saving of expense to the taxpayer. The first is the primary object and probably I cannot do better than cite some cases which are under my care: J. E., aged 22, a bright Irishman, not intoxicated, in a quarrel which took place in a saloon, interfered and used too much strength in separating the combatants; charged with malicious assault, court would have committed him to county jail for six months had there been no probation officer. Probation officer returned the man to his home, helped him to secure employment, visited his accuser and warned him not to molest J. E. Young man's weekly calls to report have become friendly visits; he is always well dressed and is entirely self-respecting.

N. M.; American; aged 59; painter; married; offence—grand larceny; never arrested before; while drunk, stole mayor's horse and buggy from hitching-post on main street; man not an habitual drunkard, character good, provided comfortable home for his family, always industrious and kind. Had there been no probation officer N. M. would have been sent to state prison. He is now doing well and reporting regularly.

Two boys, 9 and 12 years, arrested on charge of disorderly conduct (threw a fish-head at an old woman); belonged to the "gang;" had fairly good homes; did not attend school regularly; found upon investigation to be mischievous and truants only. Probation officer handed boys to truant officer, who immediately placed them in school. Boys report each week, come to office in Sunday clothes and evidently enjoy these visits. One lad has been employed on Saturdays, by probation officer's clerk, doing odd jobs and is very proud of this evidence of favor. There has been a great improvement in the whole family owing to pressure through this little fellow.

In cases of non-support which are always tried before police justices, probation has proved of inestimable value. The following is an example: Mr. B. drank occasionally, earned eighteen dollars a week and failed to support his family; was arrested and handed to the probation officer. After a thorough investigation, including conditions in the home, the man was ordered to request his em-

ployer to hand Mrs. B. ten and one-half dollars every week—one and one-half dollars for each of the five children and three dollars for Mr. B.'s own board. Besides this the man was required to pay the house rent, eight dollars a month. After the first month, at the request of the wife, he was allowed to give her the money himself. Each week the man reports the payment. Had Mr. B. been sent to jail, he would have lost his self-respect and his situation, he would have become an expense to the taxpayer and his family dependent on the charity of the community.

Three little Polish girls, aged 9, 10 and 11 years, arrested and indicted by the Grand Jury for grand larceny; on investigation found parents, who could not speak English, were not implicated; homes above the average. Children had stolen ribbons, lace and other articles for personal adornment, saying some had been presents; others were hidden between two old mattresses in a garret; parents terribly frightened when discoveries were made. Upon arrest of children and after bail had been secured, I began to take supervision of them; examined each one separately at my office; sent for priest, and arranged for daily instructions by the Sisters—little girls had been regular attendants at school. Later, without trial, they were probated to me by the court for an indefinite period.

The police magistrates of Hudson and Union counties avail themselves of the services of the probation officers and it is in these courts that good preventive work can be done by seeing the accused as soon as a charge is made and by investigating the case before trial, and also, in many instances, preventing the charge being entered by talking the matter over and promising to see the accused. In Elizabeth, the largest city of Union county, arrests and commitments have fallen off 40 per cent since the work of the probation officer has become known.

Three Italians appeared at my office, one to complain of two boys and the others the fathers of the boys. These men had come to ask me to take charge of the little fellows, who were mischievous and annoyed the complainant. All three were satisfied with my decision.

A Jew, who was in the habit of making charges of disorderly conduct against mischievous boys, after a talk with me, promised to bring no more children before the court until I had investigated each case for him. He had not realized the serious harm inflicted upon the boys' characters by their being brought into court.

At the end of an hour he was fully convinced. The railway detectives also report cases to me before making charges and abide by my decisions.

There is great danger of perfunctory work on the part of the probation officer and very grave danger from the uneducated officer. Public opinion has still to be aroused; therefore the need of the best work along these lines. Where good work has been done, the public has recognized that the practice of inflicting short terms of imprisonment for minor offences is useless and harmful. The need of men and women of sound judgment and high character for this work is great, and in the development of the system it is hoped that many specialists will devote some time to the installation of the work and help to bring about the proper administration of the law.

Boston was the first city to set apart special hours for the trial of juvenile offenders, and the excellent way in which these trials are managed is an object lesson worth studying. Persons not connected with the trial are required to leave the court room, the officer who made the arrest tells his story, the complainant his, and the witnesses are examined. The child is called to the judge's desk and tells his story in a quiet voice. Confidential relations are at once established between the child and the judge. The probation officer then makes his report upon the case, after which the judge announces his decision.

The same methods are employed in Chicago, Philadelphia and Minneapolis and will be in New York. In Chicago, a judge has been appointed who only tries children's cases; in New York, a judge is to be chosen from time to time. The value of this way of conducting juvenile trials cannot be overestimated, as it robs the trial of all the sensational element. It also makes it easy for the various child-saving societies, such as the St. Vincent de Paul, Children's Aid and Prevention of Cruelty to Children and for truant officers to co-operate with the court.

The following is a pen-picture of a trial held before the court in which I am probation officer: Court room crowded, twenty-two lawyers present; prosecutor reads the indictment. Boy eleven years old arrested for stealing brass worth eighty dollars, from railroad, and selling it to a junk man for twenty cents; had been bailed by kind neighbor, who delivered the boy. Court officer calls witnesses; boy brought; so small that his eyes are just on a line with the

rail; boy weeping; prosecutor exclaims, and says boy should be in day-nursery; audience in back of room rises and presses forward to look at boy; lawyers inside of rail jump to their feet; court raps for order; boy realizes that he has become an object of pity and curiosity, cries louder and calls for his mother, who comes forward with a baby in her arms; judge and prosecutor confer, boy is handed over to probation officer to be produced to stand trial when called, virtually ending the matter.

The Juvenile Court in Philadelphia

By Judge Abraham M. Beitler, Court of Common Pleas No. 1,
Philadelphia

THE JUVENILE COURT IN PHILADELPHIA

By JUDGE ABRAHAM M. BEITLER
Court of Common Pleas No. 1, Philadelphia

At its session in 1901 the legislature of our state passed an act, with a rather lengthy title, which has become known as the Juvenile Court Act. It passed the Senate by unanimous vote and in the House there were but three votes against it and one hundred and forty-seven for it. The act commits to a Judge of the Court of Quarter Sessions some new powers, and imposes upon him some new duties.

The scope of these powers and duties is, I am sure, understood by but few. That there may be a wider acquaintance with the new law and a clearer appreciation of the benefits possible to be secured by its enforcement, I have tried to condense into a brief article a statement of its salient features, and, besides, to give some data as to the work done since the act was put into operation in Philadelphia.

The act deals only with juveniles, and only with those under sixteen years of age, and of juveniles under sixteen only with the unfortunate and the erring. By its terms it applies to "dependent or neglected" children, and "delinquent" children. The first class, the act says, shall include any child who is destitute or homeless or abandoned or dependent upon the public for support, or who has not the proper parental care or guardianship, or who habitually begs or receives alms, or whose home, by reason of neglect or cruelty or depravity of the parents, is an unfit place for such a child, or any child under eight years of age found peddling on the streets.

A "delinquent" child is one who "violates any law of this state, or any city or borough ordinance."

The Court's jurisdiction may be invoked by a petition, which must be verified by affidavit, stating that the child therein referred to is either dependent or neglected or delinquent.

Upon the filing of the petition, the Judge may issue either a summons or a warrant. The former requires the party having the custody of the child to produce it in court. The latter imposes the

duty of bringing the child into court upon the officer armed with the warrant. Pending the final disposition of any case, the child may be retained in the possession of the person having it in charge, or in some suitable place provided by any association having for one of its objects the care of delinquent or neglected children.

As a matter of fact, very few cases are brought into court upon either summons or warrant. The Judge holding the court finds, upon the day fixed for the hearing of juvenile cases, that he has, perhaps, twenty-five cases on his docket, and to him they are all new cases. Most of them originated in the magistrates' courts or in the station-houses.

The parent or parents of a child or children, for instance, may have been arrested for drunkenness or vagrancy. The magistrate hearing the case sends the parents perhaps to the House of Correction, and then something must be done for the immediate care of the children. They are turned over to the Children's Aid Society or the Society to Protect Children from Cruelty. On the day for the hearing of juvenile cases, the children will be brought in by the Society's agents, and a petition will be filed setting forth briefly the facts.

Sometimes the children are abandoned or homeless waifs turned over to the Society by the police.

The Judge sitting in the Juvenile Court proceeds to inquire carefully into each case. He has the assistance of the prior examination into the facts of each case by the Society's agents. Sometimes the power of the Court is invoked to compel the attendance of relatives, or even of parents. After a careful hearing, the case of each child is decided, and a decree made. The testimony heard is taken down in a short narrative form by a stenographer, and then typewritten and filed for future reference. If the Judge is satisfied that the parent or parents of a child ought not to have the custody of the child, but are able to contribute to its support, he may make an order requiring the payment of such sum as the circumstances warrant. Children are sometimes turned over to relatives, and sometimes to a charitable society, regard being had always to the religion of the child in selecting the society.

Delinquents generally come into court from the magistrates' courts; sometimes directly, sometimes from prison.

Now that the act is being better understood, and its benefits more generally appreciated by the magistrates and the police, a

probation officer is usually advised when a "delinquent" is taken into custody. The hearings are generally held by the magistrate at the station-house, and in a large number of cases, perhaps in a majority of cases, a probation officer is present to hear the testimony against the child and to set on foot an investigation not only of the charge on which the child is held, but as to his or her previous record and home life and surroundings. It is earnestly to be hoped that all our police lieutenants and police magistrates will speedily come to appreciate how greatly the probation officer can assist them and the Court, and will let no case be heard without having previously notified the nearest probation officer.

It is in the handling of these "delinquent" cases that the Judge has the most delicate and difficult tasks imposed on him. Sometimes the boy or girl is charged with some trifling offence, and the investigation made by the probation officer shows that the child is not really bad. The probation officer goes to the child's home; if he attends school she calls on his school-teacher; if he attends Sunday school she communicates with the Sunday school teacher; if he works, she goes to his employer, and endeavors in every way to ascertain what the child's previous life has been and what his home surroundings are.

Sometimes it is apparent that even where the child is not depraved or incorrigible, it is best for his sake that he shall not be returned to his home. A single case will serve as an illustration.

Recently, a boy of thirteen was arrested for larceny. He was guilty. His father was a drunken brute. His mother was a hard-working, honest woman, but in the household she was a mere drudge, without voice or influence. The father sent the boy upon the street to steal. The Judge before whom the case came, heard the father and mother. The father promised to behave himself. The mother begged to have the boy returned to her. He was sent home, and a probation officer appointed in his case. Two months later, the boy was again arrested for larceny. The case against him was clear. This time the Court refused to listen to the pleadings or the promises of the parents, and committed the boy to the House of Refuge. The first time the boy was in the Juvenile Court was perhaps not the first time he had offended. Had we had a Juvenile Court into which he could have been taken when he made his first departure from the path of rectitude he would have been perhaps committed to the Children's Aid Society, and

that Society would have found him a home with some Christian family and his whole life would have been changed for the better. As it is, he has been committed to an institution whose splendid work in reclaiming incorrigibles gives every hope that the boy will yet turn out a good citizen.

What to do with a bad boy is a problem as old as time. If the wisdom of the past had given us one formula to follow, the task imposed on the Judge dealing with "delinquents" would be simple, but the question every time it arises is as new and as difficult as when it was first presented. That some boys would be better off if severely punished, the first time they lie or steal, is undoubtedly true. That the way of the transgressor is hard ought to be taught both as a moral precept and an actual fact. Still, the question in every case is, how shall this boy be handled? With the best motives and after the most careful and patient inquiry, the Judge can at best but guess. To send the boy home from Court after his guilt had been confessed or established, and do nothing more, as was frequently the old way, was often to give rise to the belief on the part of the boy that the law is not stern but lenient, and that after all, to steal, to be caught, to be convicted and to face a Court is not a serious but a trifling matter. To his companions the released boy was often a sort of a hero. The bad effect on him reached to all who were of his age and class and knew of his lucky escape. On the other hand, to refuse to send the boy home left but one alternative, to commit him to prison or to the House of Refuge.

Whether committed or sent home, the boy was given but little chance in comparison to that which the Court can, under the Juvenile Court Act, now extend to him.

This brings us to consider the probation officer.

The act says, Section 6:

"The Court shall appoint or designate one or more discreet persons, of good character, to serve as probation officers during the pleasure of the Court; said probation officers to receive no compensation from the public treasury. In case a probation officer shall be appointed by any Court, it shall be the duty of the Clerk of the Court, if practicable, to notify the said probation officer in advance when any child is to be brought before the said Court; it shall be the duty of the said probation officer to make such investigation as may be required by the Court, to be present in order to represent the interests of the child when the case is

heard, to furnish to the Court such information and assistance as the Judge may require, and to take such charge of any child before and after trial as may be directed by the Court."

Section 9 is: "In the case of a delinquent child the Court may continue the hearing from time to time, and may commit the child to the care and guardianship of a probation officer duly appointed by the Court, and may allow said child to remain in its own home subject to the visitation of the probation officer, such child to report to the probation officer as often as may be required, and subject to be returned to the Court for further proceedings whenever such action may appear to be necessary; or the Court may commit the child to the care and guardianship of the probation officer, to be placed in a suitable family home, subject to the friendly supervision of such probation officer; or it may authorize the said probation officer to board out the said child in some suitable family home, in case provision is made by voluntary contribution or otherwise for the payment of the board of such child, until a suitable provision may be made for the child in a home without such payment; or the Court may commit the child to a suitable institution for the care of delinquent children."

It is just here that the Juvenile Court Act, in my judgment, offers its greatest good and opens up a new chance to deal intelligently with the case of a delinquent. Instead of making the child promise to be good, and sending him home, the Court places him in charge of a probation officer, and then lets him go home. Sometimes the result is that, for the first time a boy is given a fair chance in the battle of life to make something of himself. Many of the cases of delinquents brought into Court exhibit weakness, incapacity, and sometimes a worse condition on the part of the parents. Their offending is sometimes passive, sometimes active. The probation officer becomes the boy's watchman and his friend, guarding him against himself, and, in some cases, against his parents.

A few months' practical working of the act has shown what a wonderful agency for good the probation officer is. I shall speak of the officer in the feminine, because most of them are women.

She has, by reason of her appointment by the Court, an official position. Her station is one of grave responsibility and great honor, but of no profit. The act distinctly says that the officer shall receive no compensation from the public treasury. This will

keep them from the contaminating touch of party politics, and prevent this particular office being sought after.

The probation officer is the child's friend, but the Court's adviser. Each boy is kept under surveillance. If, after the promises he and his parents have made to the Court, he stays away from school (if his parents can send him) or refuses to work or goes with his former associates, if they are bad boys, he is warned, and if he will not mend his ways, he is brought back to Court, and then the Judge has more knowledge of the case to guide him in intelligent action.

The first session of the Juvenile Court in Philadelphia was held July, 1901. Since that time there have been, up to May 21, 1902, 1,378 cases before the Court. Of these, 481 have been dependents, and 897 delinquents. But fifty-six have been sent to the House of Refuge, and of the rest (returned to their homes in almost every case) but thirty-three have been before the Court a second time. Most of these were given a second chance, and in but one case has the Court had a boy brought back more than once. He was, on his fourth appearance before the Court, committed to the House of Refuge.

One probation officer to whom since last July nearly one hundred children have been committed, told me recently that she had had but one child backslide. Surely such a record would be, if there were no more like it, sufficient warrant for saying that the act will do great good.

The whole scheme of the act is to prevent delinquents from becoming criminals. It is an act for child-saving. Its benefits, though conferred directly upon the child, are reaped by the entire community. It is the ounce of prevention which is far, far better than the pound of cure. It aims to place the erring child, of years too tender to yet fully appreciate the dangers ahead, under the restraining and guiding hand of an officer of the Court, who is at the same time the child's friend.

The restraint is that of oversight; the guidance that of kindly admonition and advice, backed by that power everywhere recognized, the power of the law.

Juvenile Courts in Buffalo

By Frederic Almy, Secretary Charity Organization Society,
Buffalo

JUVENILE COURTS IN BUFFALO

By FREDERIC ALMY

Secretary and Treasurer Charity Organization Society, Buffalo

Juvenile probation is no new thing. It has been used in Massachusetts since 1869, or for over thirty years, and for the same length of time in that state a statute has required that children's cases should be "heard and determined by themselves, separate from the general and ordinary criminal business of said courts." There is no separate children's court in Massachusetts, but in some of the courts the session for adults is formally adjourned, and the room is cleared of all except those who have to do with the juvenile cases; in other courts the session for juveniles is held in a separate room or in the judge's private room. In either case there are evils, as is shown in a letter from Mr. Charles W. Birtwell, secretary of the Massachusetts Children's Aid Society: "Unfortunately in all the courts juveniles under arrest are apt to be mixed with adults while waiting during the hour or so preceding the trial. If not under arrest but only summoned, they may wait in the outside lobbies, but get more or less mixed with the throng about and in the court room."

The first juvenile court was opened in Chicago in 1899 and at once had wide notice, largely through the excellent work of the monthly periodical, the *Chicago Juvenile Record*. It was through this juvenile court that the probation system first became general. Mr. Folks tells us, in his "Care of Delinquent Children," that "the system did not secure formal adoption, so far as we are aware, in any other state than Massachusetts until the enactment of the juvenile court law in Illinois in 1899." "In 1901," he says, "the probation system is in actual operation, or is provided for by statute, in fifteen of the twenty-five largest cities of the United States," and the number is now rapidly increasing. It is another instance of the contagion of ideas which in this century outstrips the contagion of disease.

On February 26, 1900, the Buffalo Charity Organization Society appointed a committee on probation which held several meetings, but found that nothing could be done without legislation,

which it was then too late to procure. A law passed May 1, 1901, through the efforts of this committee, allowed the Buffalo police justice to suspend sentence with juvenile delinquents, and place them under probation for a term not exceeding three months. The act allowed him to appoint five unsalaried probation officers, and provided that when practicable the probation officer should be of the same faith as the child placed in his care. The court opened July 1, 1901. By an amendment passed in February, 1902, the number of probation officers, still unpaid, was increased to ten, and authority was given to extend the probation for additional terms of three months in the discretion of the judge. A state probation law was also passed in 1901, but was so amended that it applied only to those over sixteen years of age. Consequently in New York State, outside of Buffalo, a chance is given to adult delinquents which is denied to little children.

Under the new New York City charter a juvenile court was created for the boroughs of Manhattan and Bronx (excluding Brooklyn), but with no provision for probation. This juvenile court was to open January 1, 1902, but for some reason did not do so.

Judge Murphy, of the Buffalo Police Court, was an active member of the committee of the Charity Organization Society which procured the probation law. Although the law was permissive only, he at once put it into effect, and also on his own motion transferred all his juvenile cases to a separate building, several blocks distant from the police court, where he holds his juvenile court on Tuesday and Friday afternoons. The great success of the court in Buffalo is chiefly due to his interest. Where for any reason a good judge is not available a juvenile court must suffer, for probation gives many opportunities for favoritism to both the judge and the probation officers. It is hardly too much to say that the character of the court will be the same as the character of the judge.

Of the ten probation officers in Buffalo all are unpaid for this special work, but two are truant officers, two are officers of the Charity Organization Society, and one is the head worker of Welcome Hall, a leading settlement. The city is divided into two districts, in each of which there are a Catholic and a Protestant female officer for the girls and the younger boys, and a Catholic and a Protestant male officer for the older boys. There are a Jewish officer and a Polish officer for the city at large.

It is not perhaps desirable to recapitulate here the peculiarities of all the juvenile courts. In Massachusetts and St. Louis the probation officers are paid. In New Jersey the court costs are paid them. In Chicago, Pennsylvania, Milwaukee and Buffalo they are unpaid, or paid from private sources. In Chicago the probation is until the child's majority. In Boston, as in Buffalo, it is for short terms renewable on their expiration. It seems as if the short term would give the child a goal in sight and so help his striving.

The Buffalo juvenile court has not quite completed its first year, and no definite records have been compiled, but two results are already notable—the decrease in the number of commitments to the truant school and to reformatories, and the increase in the number of children arrested. The first result was expected, for many children are now cared for in their homes under probation who would otherwise have to be sent to the public truant school or to a reformatory. The second result was not anticipated, but is in this way excellent. Much juvenile lawlessness formerly ran riot without arrest because the officers knew that the judge would not send a child away for petty offences, and mere rebuke meant so little that the child fresh from court would jeer at the officer who had arrested him. With probation an arrest is taken more seriously by the children. At a recent session of the court Judge Murphy called attention to this increase in the number of arrests, and recommended legislation which should make convictions in the juvenile court inadmissible as evidence of character in either civil or criminal actions, so that mere juvenile peccadilloes could not constitute a criminal record.

The economy of probation greatly reinforces the support of the system on ethical grounds. It is not often that a measure of social reform makes an immediate appeal to the taxpayer, but probation relieves him from the public maintenance of many delinquents who under this plan are maintained at home at their parents' charge. In Massachusetts, where probation has been in operation many years, the district attorney has prepared figures showing that it has saved the state much more than the cost of its operation, though it is administered there by salaried probation officers. On the side of morality the saving is still greater, though less definite. If this saving of character could be translated into dollars and cents the cash gain to the state through the

diminution of crime would be seen to be even greater than the saving in maintenance.

Again, the presence daily in the court of a group of disinterested men and women of character helps to maintain the moral tone of the court. They sometimes see things which the court unaided might not see. More than once in Buffalo pettifogging lawyers, who have been reaping fees from parents on the pretence that their services caused the judge to put children on probation instead of sending them away, have been excluded from the court on report of the probation officers as to their practices.

The teachers usually co-operate willingly in filling out the weekly cards which show the behavior and the attendance of a child while on probation, and they use their influence to hold children to their best. Some have spoken with wonder of the favorable effect of probation on the school work.

A day in a juvenile court is fascinating, and the experiences of a probation officer are not less so. The little, curly-headed culprits are so anxious to tell their story to the judge, or sometimes so stolid, that either way it is pathetic. There is much weeping when children are found guilty, and sudden relief when the meaning of probation is explained to them, and the confidences made to the probation officer are irresistible. In many of the courts the proceedings are quite informal, and the children stand close to the judge and talk confidentially with him, without fear.

The care taken to keep children from contact with the adult criminal courts extends also to the jail. In several states the law prescribes that children shall not be lodged either in the jail or in the police court. If the child is unable to give bail, some place other than the jail or police court must be provided. In Pennsylvania a separate act, passed after the juvenile court law, authorizes the establishment of houses of detention. In Wisconsin it is provided that when a child has been sentenced he must be kept wholly apart from adult prisoners until he is committed. The period after arrest and before trial is also guarded.

It has been well said that the practice of arresting persons accused of minor offences, who are not in the least likely to fail to appear if merely summoned, is a relic of earlier times and should be abandoned. In Buffalo it is the general practice on arrest to take the child to a station-house and then let him go home under

promise to appear in court at the time stated, and as yet there has been no failure to appear.

Criminal law has relied too much upon confinement and compulsion, both of which involve cost to the state and rancor and sullenness in the individual. The features of probation are first, the retention of natural conditions, in the home, if it is at all fit, and second, loving, patient, personal service. Instead of withdrawing the child from the environment in which it lives, it tries to assist that environment. It is possible to draw many analogies. In medicine we now give fewer drugs and rely on the natural powers of the body with the personal service of trained nurses. In charity we give fewer alms, and rely on the natural resources of the family with the personal service of trained friendly visitors. In government we use less law, but rely on natural forces with the aid of the Church, the school and other instruments of social reform.

With children the question of reformation is especially important. The chief cause of crime has been said to be neither intemperance, nor avarice, nor lust, but neglected childhood, for neglected childhood means neglected character, and at an age when character is still plastic. Children under arrest for the first time are more peculiarly susceptible to influence than even other children, and the impressions made at this crisis go far to fix their lives. If you catch character young, and at the right moments, you can do almost anything with it. It is even possible to confine the baser parts of a child's life, as the Chinese do the feet of their children, so that the development of these baser parts will be permanently stunted. Swaddling environments, continued for years, can do much to form character by compulsion, so to speak, and to thwart the growth of what is undesirable. This exclusion of evil is the method of the military school and of the reformatory of the military type. There is something unnatural about it, but there is no doubt that in this way habits can be formed; and there is an inertia of character which makes good habits difficult to break as well as bad ones.

The other method is to leave the natural conditions with as little disarrangement as possible; to let the feet grow and become a support for the whole body; to take the activity which might become crime and turn it into industry; to take the affection which might become lust and turn it into love; and to do all this as far as possible under natural conditions. It is possible to do

this, not by a high wall which wards off all contamination but casts a shadow on the young life within, but by applying some antiseptic which will make the contagions of daily life harmless. Those of us who with Milton "cannot praise a fugitive and cloister'd virtue, unexercis'd and unbreath'd," believe that everywhere character is better formed by liberty than by force. Antiseptics against temptation are being found by modern charity. I would wish to leave a child undisturbed in its home, if the home is decent, and trust to the Church, the school, the tenement house law and the settlements, as antiseptics against contamination; next to this I would leave the child at home, but under probation; next I would seek a foster home, well chosen and well watched; next, for some children, an open reformatory of the free type exemplified in the George Junior Republic; and last, a reformatory of the more military type. In confinement a boy may find himself kindly and wisely treated, but his social side is not much considered, and this is not in keeping with modern pedagogy. Very much can be done through a boy's affections.

Where the germ of pauperism or of vice cannot be killed, may there not be a treatment by antitoxin, as at the George Republic, by deliberately helping the poison to run its course in a mild form in order to prevent future attacks? It may be well to let a boy be idle and lazy for a time and suffer all the consequences of hunger and cold; to let him be violent, and as a penalty be duly and severely punished by his peers; in fact, to give him a brief rehearsal of life under natural conditions which will be very profitable when life arrives in grim earnest. These lessons are taught in a reformatory of the military type, but the more voluntary and natural the lesson is, and the more the child can be made to feel that he has chosen his own course and experienced its natural result, the deeper will be the impress on his life.

It seems to be the lesson of the past century, the lesson alike of charity, of Christianity, and of civilization, that, in forming character, force must give way to freedom with love. A militant Christianity has already been condemned, and a militant civilization is as bad. I believe in civilization by contact, in civilization by commerce, but not in civilization by conquest. Force leaves rancor and reaction, and the slower method of Christian example is more sure. The United States has been called the pioneer in an age of republics, but it is not through its force, but

through its example, that in neither North nor South America is there to be found a king. The republics of Central and South America stumble and fall and make many errors, but they are slowly developing good secondary education and commercial stability. India and Egypt, with an original civilization and under as intelligent and benevolent tutelage as the world has ever known, are less fit to-day for self-government. With boy life as with national life, we may well stop to ask whether the least possible interference and the largest possible freedom, even with all the mistakes and struggles which this involves, will not build character most surely in the end.

Appendix

SIXTH ANNUAL MEETING
OF THE
American Academy of Political and
Social Science

Philadelphia, April 4 and 5, 1902

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"SOCIAL LEGISLATION AND SOCIAL ACTIVITY "

The Sixth Annual Meeting not only met the expectations of your Committee, but was generally regarded by those who attended as completely fulfilling the high standards which were set by its predecessors. The sessions were largely attended by members from different parts of the country; in fact, the leading characteristic of this meeting was the large attendance from points at a considerable distance from Philadelphia. The Annual Meeting of the Academy has assumed the proportion of a national convention to consider the great economic and political questions that confront the country.

Before proceeding to an account of the individual sessions your Committee desires to express its thanks as well as those of the officers and members of the Academy to the Provost of the University of Pennsylvania, to the President and Directors of the Manufacturers' Club and to the Committee of the Octavia Hill Association, whose co-operation was of great value in making the meeting a success.

The expenses of the Annual Meeting were met in part from an appropriation from the treasury of the Academy, but in the main by a special fund contributed by generous friends of the Academy. Your Committee desires especially to express its appreciation of the services of those who took active part in the meetings and whose contributions give to this volume its chief importance.

SESSION OF FRIDAY AFTERNOON, APRIL 4.

Topic: "The Child Labor Problem."

The President of the Academy, in formally opening the Annual Meeting, said

Members of the Academy, Ladies and Gentlemen.

It gives me great pleasure formally to open the Sixth Annual Meeting of the Academy. The series of meetings, beginning with the discussion of "The Foreign Policy of the United States," four years ago, and taking up thereafter "Corporations and Public Welfare" and "America's Race Problem," has furnished us with a series of volumes which have come to be standard reference works on the subjects with which they deal. It is safe to say that the Sixth Annual Meeting, which is devoted to the subject of "Social Legislation and Social Activity," will not fall behind the others, either in the interest of the topics or in the character of the discussions. These Annual Meetings of the Academy focus the best thought upon the questions which are in the foreground of public attention.

The subject for discussion this afternoon is one which, as you know, has been agitating different sections of the country at different periods. Your Committee has succeeded in securing a representation of the different points of view in the discussion of the afternoon. We are also fortunate in having, as presiding officer of the afternoon, one of the leading manufacturers, and it is safe to say, one of the most public-spirited citizens of Philadelphia. You all know his services to our city, but I am not sure whether many of you know how close and careful a student of industrial conditions in both the North and South he has been. I take pleasure in presenting to you Mr. Frank Leake.

On taking the chair, Mr. Leake said:

Mr. President and Members of the American Academy of Political and Social Science.

It was with pleasure that I accepted your President's invitation to preside here to-day. The particular subject which you are to discuss is one having a very important bearing on the future of this country, because at the bottom of all progress is education, and child labor, if not properly regulated, will certainly prevent proper education.

I am, as your President has said, a practical manufacturer, and yet here in Philadelphia, where my work lies, we have very little of the child labor problem to contend with; it is almost self-regulating. There are very few manufacturers who do not fall in line, not only gracefully but gladly, with the laws of our state which regulate that matter for them. There is very little of child labor in the textile mills of this city, or of this state, so far as I am acquainted.

Whatever is done in the way of regulating child labor should be done in a very conservative and open-minded spirit. The one seeking progress should be willing to consider local conditions. The key to the whole situation will be found in local conditions, because child labor at one point in our country does not present anything like the same problem that it does in another portion of the country.

The Pennsylvania laws, for the most part, are wise in their treatment of this question. I know of no organized opposition to the entire and careful enforcement of these laws. I am speaking more particularly in regard to textiles. That is my business and that is the line in which the New South is finding her great industrial development. In the South, textile mills started originally with the idea that proximity to the cotton fields was the great desideratum. It has been found that the question of proximity does not have much to do with their success. Freights on raw materials North are as low, or lower, than freights on the finished product, and in the North and West is where the finished product finds its largest market. Such being the case, the mills in the South have had to study the other problems that have come to be talked about in making their success sure, but in studying these problems they have found instinctively that the same conditions make for their success as made for the success of the mills in the North. Long years ago our New England forefathers found a sterile and rocky soil. They found it very difficult to get a living from the farm, and so turned their attention to manufacturing. In the South along the coasts and in the middle country the soil is very rich and very fertile and the people get their profit from the farm. It has always been an agricultural section, but the mountain farms are the ones where the ground is sterile, where the soil is frequently washed into the streams and where farming is on a very small scale. The Southern mountaineer has his home in a little cabin with a little patch of corn at the rear. Corn and bacon are the staple articles

of food. The whites largely predominate in the mountain sections. At the foot of the Allegheny Mountains, the Appalachian Chain, extending through North and South Carolina, Northern Georgia and Northern Alabama, are conditions which should be considered in taking up the problem of child labor. The people live in little mountain huts year in and year out, scarcely seeing ten, twenty, very few of them seeing fifty dollars in cash a year. The cotton mill has come in there, going on the farms, taking the workers from them and bringing whole families into the manufacturing town. The farmer takes the little cottage built for him by the company, with a little patch of ground, given him on the supposition that he will cultivate it. Frequently the ground is not cultivated, and the man finds his employment in carrying the dinner-pail, while the wife, the older daughters and the older boys work in the mill. The younger ones are anxious to follow. These conditions are an advance over what they have had, and they should be advanced slowly and by degrees to anything which would be more theoretically correct. Practically they have the advance. In any question involving child labor, it is well to consider the local situation and the previous condition of those whom you are seeking to benefit.

The first speaker this afternoon is a gentleman who has had every opportunity to study the subject given to him. I am very glad that your President has had the wisdom, instead of picking those who look at these things solely from an academic standpoint, to take those men who have come into actual contact with the subject itself, men who have brought their best thought to the practical solving of this question, who desire in their everyday walk of life to be of benefit to their fellow-men, and while they are solving the hard problems of life, with which they must necessarily deal in their business, are seeking always to help and uplift those around them. Such a man is Mr. Franklin N. Brewer, General Manager of the largest department store in this city, who will address you on the subject of "Child Labor in the Department Store."

Mr. Brewer then read his paper, which is printed on pages 165-177 of this volume.

In introducing Mr. Henry White, Mr. Leake said:

The discussion of "Machinery and Labor" has been given to one who has distinguished himself for broadmindedness in dealing with labor problems, who has recognized the broad principle that

wherever advance is possible, either by machinery or by any other human function or agency, humanity is bound to take advantage of that possibility. As the latent forces are being developed in machinery, he has also advocated that the labor which it represents should recognize that and adapt itself to the new conditions with as little friction and as little loss and with as little captious criticism as possible. His attitude in all of these matters has been progressive, not radically reformatory, but always seeking the advantage along the progressive, conservative lines which make for true progress. I have pleasure in introducing to you Mr. Henry White, General Secretary of the United Garment Workers of America.

Mr. White then read his paper, which is printed on pages 221-231 of this volume.

Following Mr. White's paper and in introducing Mr. Hayes Robbins, Mr. Leake said:

As Mr. White has just shown, machinery is a revolutionizer, and machinery is so popular in this age of ours that it is revolutionizing all of our methods. One of the chief questions we have before us to-day is the harmonizing of the machinery of organization with Christian ethics. Sociology to-day is advancing so far and calling for answers to so many problems that it must of necessity merge itself with Christianity; Christianity must broaden and take the position the Master intended. All of the Master's teachings were positive, not negative. Li Hung Chang says that the Confucianists have a rule which is very similar to our Golden Rule. He says very truly, something very similar, but totally unlike in its operation. I will quote it to you. It is in effect: "Thou shalt not do unto thy neighbor what thou wouldst not have thy neighbor do unto thee." Do unto others as you would have them do unto you, is our Golden Rule. Everything Chinese is negated; Christ, on the other hand, taught the positive. His teachings send men out into the world unto a life of helpfulness and benevolence; the contrary is producing the conditions which we find in China, where every man tries to live unto himself. It is these conditions there and here which sociology and Christianity must of necessity take cognizance of and unitedly bring to a conclusion.

The next speaker to address you has made an extended tour of the South in company with Dr. Gunton, and their findings coincide with my experience in the same country. I have made several trips to that section and they have brought me to practically the

same conclusion. I have pleasure in introducing the gentleman who will speak on "The Necessity for Factory Legislation in the South," Mr. Hayes Robbins, Dean of the Institute of Social Economics, New York.

Mr. Robbins here presented his paper, which is printed on pages 179-188 of this volume, after which Mr. Leake commented as follows upon the ideas contained in the paper.

The people employed in the Southern mills are for the most part descendants of the Scotch-Irish. They are not seekers for charity, nor anything of that sort, but the communities in which they live, or many of them, are burdened with an illiterate population composed of blacks, and they are being taxed to support that population in schools. These people coming down from the mountains are bringing to them an additional tax. The Southern Educational Society, with its headquarters in New York, has of late years taken cognizance of the conditions in which the poor whites of the South are found, and it is doing magnificent work along proper lines, without pauperizing, and is instilling in the hearts of these people a desire for education. I am happy to add to the speaker's remarks that this work is bearing fruit. The movement toward better education is increasing and it is for me and for you to help it along.

In closing the meeting, the President of the Academy said:

I want to express to the speakers of the afternoon the sincere appreciation of the Academy for their valuable contributions to the subject. I may say, furthermore, that Dr. Murphy, who has led the movement in the South for the betterment of conditions, fully expected to be here, but has been taken seriously ill in New York and is now gradually recovering from an attack which at one time threatened his life. I regret very much that you had not the opportunity of listening to him, as well as to the paper prepared by Mrs. Kelley, but you will all have the opportunity of reading her paper, as well as the addresses presented at this afternoon's session, in a volume containing the proceedings of the Annual Meeting.

SESSION OF FRIDAY EVENING, APRIL 4.

The session of Friday evening was devoted to the Annual Address, which was delivered by the Honorable Martin A. Knapp, Chairman of the Interstate Commerce Commission. Professor

Emory R. Johnson, of the University of Pennsylvania and member of the Isthmian Canal Commission, presided at the meeting.

Prior to the Annual Address the President of the Academy, Professor L. S. Rowe, of the University of Pennsylvania, presented a review of the work of the year.

Professor Johnson, in introducing Professor Rowe, said:

The Annual Meeting of the Academy has come to be a permanent and important part of the Society's activity. The four sessions lasting two days, enable the Academy to discuss with some measure of detail several phases of the general subject which seems, at the time of the meeting, to be of greatest public interest. The most important of the four sessions of the Academy is the one at which the President of the Academy reviews the work of the organization and at which the Annual Address is delivered by some distinguished scholar.

The work involved in arranging for this Annual Meeting is far greater than one would suppose who has not undertaken such a task. In order to make these meetings a success, thought and labor must be given to the subject for many weeks. Success always seems easy until one undergoes the labor by which success is achieved; but onerous as is the work of arranging for the Annual Meeting, that constitutes but a part, and indeed a small part, of the administrative duties which devolve upon the President of the Academy. We are an organization of two thousand members, about one-fourth of whom live in or near the city of Philadelphia. The activities of the organization are national rather than local. To keep up this membership and to cause it to increase rather than to decline, to manage successfully the finances of a scientific body such as ours, and to pass upon the many questions of policy which arise in the administration of the Society, require the exercise of sound judgment and a devotion to detail. If the Society were to pay its officers for their work, the Board of Directors would not think of suggesting a remuneration for the President of less than \$2,000 a year; but, as you all know, none of the officers of the Academy or editors of its publications receives any pay whatever. The work is entirely gratuitous on their part.

The American Academy has been most fortunate in its Presidents. During the first eight of the thirteen years of its existence, the President and directing mind was the honored founder of the Academy, Dr. Edmund J. James. When his academic duties

called him to the University of Chicago, Professor Lindsay succeeded him as the administrative head. Those who know Professor Lindsay personally realize that he possesses in a very marked degree the ability to organize and administer. He has most exceptional powers of initiation and execution.

A few months ago, when President Roosevelt requested Professor Lindsay to take charge of the important work of administering the educational system of Porto Rico, the Board of Directors knew exactly whom to ask to succeed Professor Lindsay as President of the Academy. As First Vice-President of the Academy and for many years a member of its editorial board, Professor Rowe had manifested his zeal for the Academy and had in many ways aided the growth of the organization. Like his predecessors, Professor Rowe always thinks towards action, and this natural trait of mind has been strengthened by the training which he has received, not only in academic life, but in the execution of responsible public duties. When President McKinley selected the Commission which was provided for under the Foraker Act, to revise and codify the laws of Porto Rico, Professor Rowe was made one of the body of three men to whom that task was entrusted. The Commission appointed by President McKinley was succeeded the following year by one provided for by the laws of Porto Rico and appointed by Governor Allen. Of this second Commission, Professor Rowe was made the President, and in that position he has carried to successful completion a thorough codification of the laws of the island, has worked out a scheme of local government, and what is perhaps most important of all, his work has been so practical that the Porto Rican Legislature has adopted, with but slight changes, the recommendations of the Commission.

At the beginning of this calendar year, Professor Rowe returned to his duties at the University of Pennsylvania. He will now tell you of the work which the Academy has done during the past year, and I am sure we all feel that what he has already accomplished in the brief period of his presidency of the Academy is an earnest of a large and most gratifying growth of our organization during the coming year.

Dr. Rowe then presented the following review of the work of the Academy for the year:

REVIEW OF THE WORK OF THE ACADEMY FOR THE YEAR 1901-02.

The presentation of the work of the Academy during the last fiscal year is so closely bound up with the activity of my predecessor that any mention of the one necessarily involves reference to the other. Those of you who have followed the work of the Academy during the last few years thoroughly appreciate the great work which he has accomplished and the splendid traditions which he has left with us. During the three years of his direction of the affairs of the Academy as Acting President and then as President, the Academy has gradually drawn to its ranks the public-spirited men and women of all sections of the country, until to-day it is the most influential organization of its kind in the United States. Our meetings are attracting the leading authorities of the country and in the publications of the Academy the most advanced thought on the great political, social and economic questions is presented.

These results were accomplished by Dr. Lindsay by reason of his abiding faith in the mission of an organization such as ours, reinforced by the high standards of public service and public duty which he constantly kept in mind. His resignation as President of the Academy, made necessary by reason of his appointment as Commissioner of Education of Porto Rico, is a severe loss, somewhat mitigated by the fact that he still retains a keen and lively interest in our work.

The honor of succeeding him is commensurate with its responsibilities. The activities of the Academy have become so manifold and varied that the adequate performance of the duties of those entrusted with the direction of its affairs must mean a severe strain unless the co-operation and support of our members is assured. We are, in a sense, a great co-operative body, each member of which contributes his share in the study and solution of the great industrial, social and political questions that confront our country.

The prospects of the Academy have never been brighter than at present, nor have its opportunities ever been greater. Whatever our view as to the direction which our national affairs have taken, it is clear to everyone that we have reached a turning-point in both our domestic and foreign policy. The need of a forum for the calm and dispassionate discussion of the many questions arising out of this change is felt in every section of the country. Our power as one of the important enlightening forces of public opinion increases

with each year and must be met with a keen sense of responsibility not only towards our members, but also towards the community at large. The Academy is a national, not a local organization, and as such its activity must be national rather than local. Every member of the Academy should feel it not only his privilege, but his duty, to watch over the direction of Academy affairs and to assure himself that the organization is fulfilling the high mission which constitutes its reason for existence.

The period since the last Annual Meeting has been marked by a number of important scientific sessions devoted to the following subjects:

On October 31 last, the topic for discussion was: "The Outlook for Civil Government in the Philippines," at which addresses were delivered by Dr. George F. Becker, of the U. S. Geological Survey, and Mr. Abreu, a native Filipino connected with the War Department at Washington.

On December 13 last, the topic discussed was: "The Policy of Commercial Reciprocity," and the speakers of the evening were Hon. John A. Kasson and Mr. A. B. Farquhar.

On March 1 the subject of "The Extension of American Influence in the West Indies" was considered; Dr. L. S. Rowe, of the University of Pennsylvania, delivered the address of the evening, and Captain W. V. Judson, of the Corps of Engineers, U. S. Army, presented a discussion of the strategic considerations connected with the topic of the evening.

The publications of the Academy, which constitute the main channel of communication between our members, have kept in close touch with the trend of affairs. The plan of issuing separate volumes devoted to special topics has been further developed and has met with great success. In January a special volume on "Transportation and Commerce" was issued, with such eminent contributors as Hon. Martin A. Knapp, John Franklin Crowell, B. H. Meyer, Samuel Pasco, Emory R. Johnson, H. T. Newcomb and Alfred Nerinex. In May a special volume on "The Government of Dependencies" was issued, and the July number of *THE ANNALS* contains the proceedings of the Sixth Annual Meeting.

The membership of the Academy at the present time is 1,990, of which sixty-two are life members.

The magnitude of the Academy's work has forced upon your Board of Directors the question of adequate quarters for the library

and offices of the organization. At the present time the University of Pennsylvania places at our disposal quarters in one of the University buildings. The time is soon coming, however, when the work of the Academy will require a separate building with adequate library facilities. This is a question which I wish to bring to the attention of every member of the Academy, and especially invite their co-operation in devising means by which this end may be accomplished.

From whatever point of view, therefore, we examine the work of the Academy, there is evidence of steady and healthy growth in all directions. Our combined efforts must now be directed towards the further extension of the work, for in an organization such as ours lack of growth means retrogression and decay.

Professor Johnson, in introducing Judge Knapp, said:

When the Academy decided to devote the Annual Meeting to a discussion of "Social Legislation and Social Activity," it was felt that the Annual Address should be devoted to the subject of transportation. Social activity is everywhere, and at all times, conditioned by the facilities for travel and shipment. They determine the measure and direction of social progress; and the first and possibly the greatest subject of social legislation is the regulation of transportation.

For the consideration of this great question, it was felt that the one man pre-eminently qualified was the Chairman of the Interstate Commerce Commission, and not alone because of his official position, although as the guiding mind of that most dignified and influential body he has had unrivaled facilities for acquiring a clear and comprehensive insight into the problems of transportation, it was because of his exceptional personal qualities, because of his calm poise of judgment, his judicial fairness that makes him command the respect and admiration alike of the railway official and the complainant shipper, and because of the clear and lofty diction he has employed in all his numerous essays and public addresses.

The work of the Academy has had the benefit of Judge Knapp's frequent co-operation. On the occasion of the Thirty-fourth Scientific Session he addressed our Society upon the subject of Railway Pooling, and the able paper presented by him was published in Volume VIII of *THE ANNALS OF THE ACADEMY*. Judge Knapp again contributed to *THE ANNALS* last January, when a paper by him on "Government Ownership of Railroads" was published.

Both of these papers have been highly serviceable to all students of current transportation problems, and have done much to widen the beneficent educational influence of the Academy.

The trained jurist is not infrequently a cultured scholar, but it is seldom that a man possesses in addition to these attainments the genius to instruct and the altruistic spirit that prompts to a devotion of his talents to the furtherance of the public good. Judge Knapp's powers are generously active for the betterment of the age in which he lives; and it is a source of satisfaction to the members of the Academy that the Society has been one of the agencies by means of which Judge Knapp has given to the public the results of his valuable experience and sound thinking.

Judge Knapp then delivered the Annual Address, printed on pages 1-15 of this volume.

SESSION OF SATURDAY AFTERNOON, APRIL 5.

Topic: "The Housing Problem."

The President of the Academy, in introducing the presiding officer of the afternoon, said:

Members of the Academy, Ladies and Gentlemen.

It is fortunate for us, both as members of the Academy and as citizens of Philadelphia, that when a subject of great importance is to be discussed by our organization, we are always able to call upon some citizen of Philadelphia whose interest in the subject, whose work, whose activity along these special lines enable him to preside over our deliberations with the authority that the subject calls for. I have very great pleasure in presenting to you this afternoon as presiding officer the Honorable William W. Porter, Justice of the Superior Court of Pennsylvania, in whose hands I now place the meeting.

Judge Porter, in introducing the Honorable Robert W. De Forest, said:

We Philadelphians are apt to pride ourselves on the descriptive title which others have given to our city and which we have adopted, namely, that it is a city of homes. This is true of it to-day. It has ever been true. But none of us can shut his eyes to the facts that the population of the poor and the vicious has become congested in certain sections of the city, and that tenement houses,

unknown to us for many years, are intruding in considerable numbers. To us Philadelphians, however, the topic for discussion would have greater significance had it been made the "Homing Problem" instead of the "Housing Problem." The workingman's struggle has ever been, in Philadelphia, not for a "house" in the sense of a room in a tenement, but for a home where within the four walls he may know privacy and proprietorship. We have been wont to say that a man's home is his castle and that he would die in a struggle for its protection. This may yet be said of the home owner who is a house owner. But there is no instance on record, known to me, where there has been any serious loss of life in the defence of a room in a boarding-house or tenement.

It is with great pleasure that I introduce to you the first participant in the discussion of the topic before us, Hon. Robert W. De Forest, Tenement House Commissioner of Greater New York, a gentleman who comes from a city which has had to meet the problem of housing the poor in its most difficult form, a gentleman who, notwithstanding his large professional obligations and duties and the time required by them, has been able to give much thought and useful labor to the attempted solving of what is, up to the present time, only a partially solved problem.

Mr. De Forest then presented his paper, which is printed on pages 81-95 of this volume.

In introducing Miss Addams, Mr. Porter said:

There was a time when true charity, as we understand it, was unknown. The knowledge and practice of it came only with Christian civilization. The impulse to do for others was first and strongest felt by women. The early administration of charity by them was, however, largely of the heart, rather than of the understanding. The time is here when women, with hearts just as warm in the work, have tempered their enthusiasm with cool, deep, serious, conscientious thought. These women are furnishing to us the best type of the best citizenship in the department of altruistic work.

It is with pleasure that I introduce to you a woman who exemplifies what I have asserted; a woman who has been at the head of a charitable work which has accomplished wonders; a woman who has thought, wrought and written well. It is with very great pleasure that I present to you one who will speak on the "Housing Problem in the City of Chicago," Miss Jane Addams, of Hull House.

Miss Addams' address will be found on pages 97-107 of this volume.

Mr. Porter then introduced Mr. Nathaniel B. Crenshaw, who presented the results of an investigation by the Octavia Hill Association into the Housing Problem in Philadelphia. The paper read is printed on pages 109-120 of this volume.

The President of the Academy, in closing the session, said:

In closing the meeting I desire to express to the speakers of the afternoon, as well as to the presiding officer, the sincere thanks of the Academy, and I feel that I am simply giving expression to your feelings when I say that we all go away with new ideas and a new inspiration in the work of bettering social conditions.

SESSION OF SATURDAY EVENING, APRIL 5.

Subject: "Industrial Conciliation and Arbitration; Its Possibilities and Limitations."

In giving the meeting into the hands of the presiding officer of the evening, Mr. Charles Custis Harrison, the President of the Academy said:

Members of the Academy, Ladies and Gentlemen.

We have much of importance to hear this evening and there is therefore little time for formal introductions. I have the honor of presenting to you, as presiding officer of the evening, Dr. Charles Custis Harrison, Provost of the University of Pennsylvania.

Dr. Harrison, in introducing Senator Hanna, said:

Ladies and Gentlemen.

The meeting to-night has to do with the questions which relate to the maintenance of industrial peace or to the restoration of peace relationships in industrial relations if they shall be disturbed. Perhaps I may say that question has peculiar interest to myself entirely outside of my academic connections, because many years before I entered the service of the University I was myself a large employer of labor. One of the testimonials, perhaps the testimonial which I most value of any which I have received, was one which the two thousand men in our service gave to us at the time we went out of business.

We do not realize that the conditions under which we are living are totally different from those of twenty-five years ago. During

almost all my business life, and I suppose during Senator Hanna's business life, the maxim on which business was conducted was that competition was the life of trade, and there was a constant struggle of competition between producer and producer and between man and man for a position, and it is only within a few years that it has dawned upon the mind of the world that another economic maxim might have weight, the maxim that where combination is possible, competition is impossible. We are working now under that maxim, and so we have federations of labor and we have federations of capital. So long as justice is not universal there will be a conflict of interests between labor and capital, and the practical question seems to be, how to bring these two interests together.

All these matters are really solvable only in a practical way. Most people need a mediator—somebody to intervene. We know, ourselves, even in the matter of the rental or buying of a house, a man is often not willing to disclose himself fully and must employ a third party. The practical question is, how to get the men together, because in that way difficulties are settled and only in that way. Whosoever takes a part in preserving industrial peace or in adjusting the conditions as between employer and employed confers an extraordinary benefit upon the whole community.

In everything the man is greater than the scheme. What one man finds impossible to do, another man succeeds in doing. The first speaker of the evening is Senator Hanna, a man who translates his oratory into action. He has consented to add to the extraordinary responsibilities of state, which he has borne for so many years, the duty of being one of the members of a board of conciliation or arbitration, and I have the very great pleasure of presenting him to you.

Senator Hanna's address is printed in full on pages 19-26 of this volume.

The next speaker of the evening was Mr. Samuel Gompers, who spoke on "Limitations of Conciliation and Arbitration." In introducing Mr. Gompers, the presiding officer said:

Ladies and Gentlemen.

I shall now introduce as the next speaker the President of the American Federation of Labor, who has devoted his life since boyhood towards the betterment of the laboring classes, and not only towards that question alone, but also to the philosophical

side of everything which has to do with questions concerning labor. I am glad of the opportunity of introducing to you Mr. Samuel Gompers.

The address of Mr. Gompers is printed on pages 27-34 of this volume.

The speaker following Mr. Gompers was the Hon. Oscar S. Straus, who spoke on "The Results Accomplished by the Industrial Department of the National Civic Federation." In introducing Mr. Straus, the presiding officer said:

The man to whom was referred the important duty of appointing the Industrial Committee of Thirty-six of the Civic Federation, to which reference has been made so often this evening, and who, in response to his first invitation received thirty-five affirmative replies, the Hon. Oscar S. Straus, is the gentleman whom I now have the pleasure of introducing.

The address of Mr. Straus is printed in full on pages 35-42 of this volume.

The last speaker of the evening was Mr. William H. Pfahler, who spoke on "Co-operation of Labor and Capital." The paper read by Mr. Pfahler is printed in full on pages 43-58 of this volume.

Respectfully submitted,

LEO S. ROWE, *Chairman*;
JOSEPH G. ROSENGARTEN,
JOHN H. CONVERSE,
JAMES B. DILL,
STUART WOOD,
SIMON N. PATTEN,
J. GORDON GRAY,
CLINTON ROGERS WOODRUFF,
JOSEPH M. GAZZAM,
EDWARD T. DEVINE,
JAMES T. YOUNG,
WILLIAM H. ALLEN,

Special Committee on Sixth Annual Meeting

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BOOK DEPARTMENT.

CONDUCTED BY **FREDERICK A. CLEVELAND.**

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LIST OF CONTINENTAL AGENTS:

FRANCE: L. Laroche, rue Soufflot, 22, Paris. GERMANY: Mayer & Müller, 2 Prinz Louis Ferdinandstrasse, Berlin, N. W. ITALY: Direzione del Giornale degli Economisti, via Monte Savello, Palazzo Orsini, Rome. SPAIN: E. Capdeville, 9 Plaza de Santa Ana, Madrid.

POLITICAL PARTIES IN THE PHILIPPINES

It is perhaps too early to discuss the character and extent in the Philippines of political parties as we understand the term. In the first place it must be said that of the eight or nine millions of people in the Philippines there are perhaps six or six and a half millions who are Christians, a million to a million and a half Moros, and the remainder non-Christian or pagan tribes, residing in the mountains of Mindanao, Negros and Luzon. The Moros and other non-Christian tribes have no political conception whatever except that of the absolute rule of some local chieftain. A possible exception might be made in favor of some of the Igorrotes of Benguet, Lepanto and Bontoc, for whom the Commission has already prepared in the case of Benguet, and are about to formulate in the case of Lepanto and Bontoc, a paternal form of government with rudiments of autonomy in the municipalities. Generally, however, when we speak of the Filipinos as a people, we refer to the Christian Filipinos, who for three hundred years have been Roman Catholics and subject to Christian influences. It is these for whom, in the opinion of the Commission, a gradually increasing popular government should be established, and it is in respect to them that what I have to say of the political parties in the Philippines applies. This body of Christian Filipinos, something more than six millions in number, is to be divided linguistically into perhaps a dozen tribes, of whom the Visayans, the Tagalogs, the Ilocanos and the Bicolos are in the order of their number the most important. They are not tribes in the ordinary sense, for they do not maintain among themselves any tribal relation, but they speak different languages, and are unable to understand each other. They have a local feeling of pride in their towns and provinces, and there is growing among them a national or race interest. More than 90 per cent of them do not speak Spanish, and very much more than a majority of this 90 per cent do not read and write even their own dialect. They are very ignorant, very docile, very timid, very respectful of authority accompanied by any show of force at all, and are credulous to a degree that can hardly be understood in this country. Potentially they are a bright people, exceedingly imitative, with unde-

veloped artistic tastes. They are a courteous, hospitable, and, in many respects, a lovable people. They are not a licentious people, but they do not regard the marriage tie as essential to the decent living together of a man and a woman, provided that, during the time of cohabitation, the one is loyal to the other. Under the influences of the tropical sun they are not an energetic or industrious people, though I believe that organization can accomplish much in making the people a much more useful people for purposes of labor than under the recently unsettled conditions they have proved themselves to be. With the war passion they have developed cruelty, but in peaceful times they are a sweet-tempered people, decorous in their conduct. Their chief vice is that of gambling. They are a very temperate people, and one rarely sees a drunken Filipino, although I think they all more or less take a little vino, the distillation of the sap of the nipa palm. Among the ignorant 90 per cent there is very little political sentiment of any kind, except the desire for quiet, for protection from ladrones or other disturbers of the peace, and the feeling of deep hostility against the friars who represented to them the political condition of subjection under the Spanish rule and all its severity. Political conception, until the system of education shall have brought this 90 per cent into sympathy with modern ideas by giving them a common language, must be generally confined to less than 10 per cent who speak Spanish, and the discussion of political parties must be limited to that 10 per cent.

The only political party that is generally organized throughout the archipelago is the so-called Federal party. In the beginning of the revolution against Spain, in 1896, the educated Filipinos were divided into two parties,—the pro-Spanish party, which was comparatively small and consisted of those few Filipinos who had been admitted into association and intimacy with the Spaniards of the islands, and the remainder of the educated Filipinos, most of whom belonged to the Katipunan society, and were eager for an improvement of the conditions of the Filipino people, a more liberal government under the sovereignty of Spain, the exclusion of the friars from the islands and general reforms. They quickly became a revolutionary party, and embraced all the Filipinos of education, except a very few in Manila of property and standing and some in Cebu and Iloilo. The ending of the revolution by the so-called treaty of Biac-na-Bato and the withdrawal from the islands of the

half a dozen leaders of the revolution left conditions very much the same, because Spain and her representatives did nothing to better matters.

The coming of the Spanish war, the battle of Manila and the rousing of the Filipinos again to revolution against Spain continued the organization of the revolutionary party until General Merritt went into Manila and subsequently Aguinaldo formed his government. Aguinaldo called into the Malolos convention the ablest lawyers, doctors and other Filipinos in Manila and in Luzon. When the issue became squarely presented as to whether there was to be war between the United States and the revolutionary forces, many of those who had been with Aguinaldo at Malolos left him, and these thereafter constituted, though not organized, the Americanista element of the educated Filipinos. The more cultivated, the more conservative of the revolutionary leaders withdrew from the insurgent army and lived quietly in Manila. The insurgent generals were usually young, adventurous and intoxicated with the gold lace and arbitrary power of military life. As the war progressed, and after the defeat of the armies in the field, the revolutionary party became rapidly reduced in numbers, and was confined largely to the guerrillas in the mountains. The great majority of the educated and thinking people were in favor of peace. The uncertainty, however, which they felt during the canvass between Mr. McKinley and Mr. Bryan as to whether the success of Mr. Bryan would give complete control to those in arms against the United States prevented much public expression of the real sentiments of these persons toward the continuance of the war and the recognition of the sovereignty of the United States. When, however, the election resulted so overwhelmingly in the election of Mr. McKinley, there was then but little delay. The Federal party was organized, and, in the face of an apparent continuance of the guerrilla warfare in a great many of the provinces, the party gathered numbers and organization in a most wonderful way throughout the archipelago, and the chief plank in its platform as originally formed was that of peace under the sovereignty of the United States. The Federal party is the only party which has organized committees in every province of the archipelago and in all the important towns among the Christian Filipinos.

The Christian Filipinos are friendly to the United States;

have come to believe in the good intentions of the people of the United States; they recognize, and have been taught to recognize by the introduction of civil government the difference between military and civil methods, and have become convinced that, with the disappearance of war and the assumption of complete power by the civil government, the treatment which the Filipinos will receive will be all that they desire. They have been lead to believe this from the autonomous character of the government allowed them in municipalities, from a partially autonomous government in the provinces, and from the introduction into the Commission of three Filipino commissioners. They have filed a petition in Congress, in which they ask for a declaration from that body that they may be formed as a territory and ultimately become a State. While that is now one of the prominent planks in the platform, it should be said that, while there was an indefinite or ambiguous reference to it in the original platform of the party, it did not form its chief object, which was that of securing peace under the sovereignty of the United States. This is manifest from the fact that, after the insurrection had ceased in all the provinces but the four in which during the last six months it had been active, to wit, Batangas, Laguna, Tayabas and Samar, the leaders of the party were sincerely considering the question whether it would not be wise to break up the organization now that peace had been brought about in all the provinces in which they could exercise influence, and allow the various elements in the party to divide on other issues. In view, however, of the fact that the insurrection still existed in three or four of the provinces, and of the further fact that a majority were anxious to influence Congress to grant as much popular control to the Filipino people as it could, the party retained its organization and formulated the memorial or petition to Congress, which has already been presented.

There were engaged in the formation of the Federal party some gentlemen sincerely in favor of securing peace, but who desired also to secure independence by peaceful methods. They have been regarded as irreconcilable up to the time that they joined the Federal party, and these gentlemen have now, without formally severing their relation with the Federal party, formed what is called the Peace party in the city of Manila. They have no organiza-

tion outside of the city of Manila, and are at present comparatively few in number.

In addition to this party there is a party called the Conservative party, which is made up chiefly of the Filipinos who sympathized more or less with Spain in the two revolutions, and who have some pro-clerical proclivities. They have considerable wealth, and have a newspaper, which is their organ, edited by a Spaniard, and are much more prominent from a Manila standpoint than they are important as representing any extended public opinion in the archipelago. The Spanish public opinion is almost confined to Manila, and the Spaniards and the Conservative party are strongly sympathetic in their hostility to the leaders of the Federal party and their denunciation of them. There are some of the Filipinos who have given a good deal of study to the Constitution of the United States, and they are to be found chiefly among the Federal party leaders, and possibly there should be included in this number a few of the revolutionary leaders and irreconcilables. Their whole education has been in the civil law and in the conceptions of civil government and of liberty which prevail in France and among the so-called republicans or social democrats of other European countries. They have very little practical conception of individual liberty as it has been hammered out in Anglo-Saxon countries by hundreds of years of conflict. In spite of eloquent tributes to liberty and freedom, even the most advanced and practical of the Filipino party leaders find it difficult to regard with favor limitations of the executive in favor of the liberty of the individual when the right man is in the executive. The tendency among them is always toward absolutism in the president of the town, in the governor of the province, and in the representative of the central government.

It is most difficult for them to conceive of a ruling majority treating the minority with the same rights as those enjoyed by the majority. On the other hand, the minority are, as President Wheeler aptly expressed it in remarks made by him in San Francisco some time since, "bad losers," and the defeat in an election is only a preliminary to violence and revolution. It is the idea of practical individual liberty which the Filipinos are to learn,—the practical elements of popular government. In the opinion of the Commission, a knowledge of free civil government and its working is not

implanted in the human mind, but must be acquired by example and experience of years. The Commission has recommended the establishment of a popular assembly, which, with an appointed upper legislative body, shall constitute the government of the islands. The qualifications of the electorate are, first, a knowledge of Spanish or English; second, the having been an officer of a municipality in the Spanish times, and so one of the *principales* of the town, or the payment of fifteen dollars a year taxes. If this recommendation of the Commission is followed, as the House Committee on Insular Affairs has recommended that it should be, then will come the division into parties of these popular representatives.¹ Many express the fear that the first election or two will show obstructionists in the majority. I do not think so. The elections for governors, held in February, have been most satisfactory to those who framed the system. There were elected four Americans as governors, and the remainder, twenty-six or twenty-seven, were Filipinos, nearly all of whom were members of the Federal party, and were, with two or three exceptions, the persons whom the Commission nominated for temporary governors. The electing bodies were the municipal councillors and vice-presidents of the municipalities in the province, who met in convention. The municipal councillors and vice-presidents had been elected under the municipal code in the previous December. The elections were all orderly; there were no charges of fraud, except in the cases of Bataan and Surigao and one other province, the name of which escapes me, in which new elections were ordered and duly had. A great deal of interest was taken in the elections.

WILLIAM H. TAFT.

Governor of the Philippine Islands.

¹ The paper was written before Congress passed the act for the civil government of the Philippine Islands, but it did not reach the Academy in time for insertion in the May ANNALS, which was devoted to a discussion of the government of dependencies.—EDITOR.

THE ESTABLISHMENT OF CIVIL GOVERNMENT IN THE PHILIPPINES

The steps leading to the substitution of civil government for military rule in the Philippines form one of the most interesting and suggestive studies in political science. At no time since the Reconstruction period have the elasticity and adaptability of our political ideas been more conspicuously shown. Had the situation in the Philippines been the same as in Porto Rico, the problem would have been comparatively simple. Civil government could have been established in the civilized portions of the islands, while in the less advanced sections tribal organization and tribal rule would have been preserved. For both of these situations there were ample precedents in the administration of territorial affairs and in the management of the Indian and Alaskan tribes. The development of an insurrectionary movement completely changed the character of the problem. It prevented the treaty of peace from having its full legal effect on the civil rights of the inhabitants and left the military government in undisturbed enjoyment of its absolute powers.

In spite of the disturbances and the threatened spread of the rebellious spirit, the authorities at Washington were anxious to introduce gradually the benefits of civil rule. This would serve the two-fold purpose of giving to the natives a concrete and positive assurance of the benevolent intentions of the United States and at the same time quiet the feeling against military rule, which was showing itself with considerable force at home. To do this without weakening the insular government and thereby encouraging the discontented elements was no light task. In fact, it became necessary to formulate a theory of military power new to political science and hitherto untried in the history of government. In order fully to appreciate the significance of the plan adopted, it is necessary to follow the legal and constitutional status of military occupation during its early stages.

The overthrow of the Spanish government by the invading army of the United States, placed the islands in possession of the military authorities. In the exercise of the right accorded by international law to every belligerent, a provisional government was estab-

lished for the purpose of maintaining social order and securing respect for person and property. During this period the territory so occupied did not become part of the United States. In *Fleming v. Page*,¹ the Supreme Court of the United States, speaking of the status of Tampico during its belligerent occupation by United States troops, said: "The boundaries of the United States as they existed when war was declared against Mexico, were not extended by the conquest; nor could they be regulated by the varying incidents of war and be enlarged or diminished as the armies on either side advanced or retreated. They remained unchanged, and every place which was out of the limits of the United States as previously established by the political authorities of the government was still foreign." In administering the civil affairs as an obligation incident to belligerent occupation, the power of the military commander is free from constitutional limitations on executive, legislative and judicial power. As a matter of public policy, however, military governments thus established have usually allowed the domestic institutions of the occupied or conquered country to remain untouched, especially when not in flagrant violation with the institutions and political standards of the conquering country. In fact, the "Instructions for the Government of Armies of the United States in the Field,"² provide that "all civil and penal law shall continue to take its usual course in the enemy's places and territories under martial law, unless interrupted or stopped by order of the occupying military power; but all the functions of the hostile government—legislative, executive or administrative—whether of a general, provincial or local character, cease under martial law, or continue only with the sanction or, if deemed necessary, the participation of the occupier or invader."

The moment the invaded territory ceases to be the theatre of military operations, the authority of the military government becomes subject to important limitations. The complete dependence of individual rights on the will of the military commander ceases and his acts become subject to certain rules of law which the courts have not hesitated to enforce. Of these, the most important is the principle of "immediate exigency" or "necessity." Thus, when during the Reconstruction period, the military governors attempted to set aside

¹ 9 Howard, 616.

² General order no. 1, A. G. O., 1862.

judicial decrees, the Supreme Court held that "it is an unbending rule of law, that the exercise of military power, where the rights of the citizens are concerned, shall never be pushed beyond what the exigency requires."³

The ratification of the treaty of Paris on the eleventh of April, 1899, and the formal transfer of sovereignty did not affect the existence of the military government although it served still further to limit its powers. It is evident that the change of dominion alone contributed nothing towards the establishment of a new government to replace the old. The same principle of overruling necessity which explained the establishment of military rule justifies its continued existence until replaced by some form of civil rule. As to this principle, there has been complete harmony of practice and opinion in the executive, legislative and judicial branches of the government. Military government was continued over New Mexico and California for a considerable period after the treaty of peace with Mexico. President Polk, in his message of December 5, 1848, justified this policy in the following terms: "The only government which remained was that established by the military authority during the war. Regarding this to be a *de facto* government, and that by the presumed consent of the inhabitants it might be continued temporarily, they were advised to conform and submit to it for the short intervening period before Congress would again assemble and could legislate upon the subject." The first clear judicial adjudication of the question was made by the Supreme Court of the United States in *Cross v. Harrison*.⁴ The question at issue was the validity of certain customs duties collected on goods coming into California, and involved, incidentally, the authority of the military governor to impose such duties after the ratification of the treaty of peace. Referring to the continued existence of the military government after the exchange of ratifications, the court said: "The President might have dissolved it by withdrawing the army and navy officers who administered it, but he did not do so. Congress could have put an end to it, but that was not done. The right inference from the inaction of both is that it was meant to be continued until it had been legislatively changed. No presumption of a contrary intention can be made. Whatever may have been the causes of delay, it must be

³ *Raymond v. Thomas*, 91 U. S. 712.

⁴ 16 Howard, 164.

presumed that the delay was consistent with the true policy of the government; and the more so, as it was continued until the people of the Territory met in convention to form a State government, which was subsequently recognized by Congress under its power to admit new States into the Union."

While its existence may thus be continued, the status of the military government undergoes some change through the ratification of a treaty of peace. Prior to this time a state of war constructively exists and the military government is merely a substitute for the displaced authorities. After the ratification of the treaty the military government *represents the new sovereignty*,⁵ and its action can no longer rest upon the basis of military exigency. It becomes a provisional civil authority, entrusted with the task of maintaining order, protecting the public health and promoting the administration of internal affairs. The substitution of the civil for the military code is no longer a matter of choice. The action of the military authorities must conform to the fundamental principles of free government and respect for individual rights; the summary methods of martial rule being no longer permissible. In *ex parte Milligan*,⁶ the distinction between the two kinds of military jurisdiction was clearly pointed out. The case involved the validity of a conviction by a military court held in the State of Indiana during the Civil War. "If, in foreign invasion or civil war, the courts are actually closed and it is impossible to administer criminal justice according to law, then, on the theatre of active military operations, where war really prevails, there is a necessity to furnish a substitute for the civil authority thus overthrown to preserve the safety of the army and society, and as no power is left but the military, it is allowed to govern by martial rule until the laws can have their free course. As necessity creates the rule, so it limits its duration; for if this government is continued after the courts are reinstated, it is a gross usurpation of power. Martial rule can never exist where the courts are open and in the proper and unobstructed exercise of their jurisdiction. It is also confined to the locality of actual war."

The development of an insurrectionary movement in the Phil-

⁵ This distinction has been clearly set forth in the valuable compilation of the reports of the law officer of the War Department, Charles E. Magoon, Esq.

⁶ 4 Wallace, 2.

ippines prevented the treaty of peace from having its full effect in favor of the personal rights and immunities of the inhabitants. But the fact that certain districts had not only welcomed American rule, but were co-operating with the authorities in improving conditions made the government feel inclined to extend to such districts the full benefits of civil rule. To effect this purpose without seriously interfering with the authority of the military officers in the disturbed provinces required the formulation of a new theory of military rule, or at least a new series of distinctions as to the elements which compose it. The Secretary of War proved himself fully equal to the task and was seconded in his efforts by Congress and the President.

The view taken by the Secretary of War was that the military power vested in the President as commander-in-chief of the military and naval forces of the United States, embraces executive, legislative and judicial functions. Not only is a separation of these functions possible, but they may each be exercised by a different group of officials. As stated by the Secretary of War in his report for 1901: "The military power when exercised in a territory under military occupation includes executive, judicial and legislative authority. It not infrequently happens that in a simple order of a military commander can be found the exercise of all three of these different powers—the exercise of legislative power by provisions prescribing a rule of action, of judicial power by determinations of right, and of executive power by the enforcement of the rules prescribed and the rights determined." It is also a well settled principle that this military power of the President may be exercised through civil agents as well as by military officers. Thus, without weakening the military arm of the government wherever decisive action is necessary, the way is paved for the introduction of a system in which the native element can be assured some participation in public affairs.

This division of authority made possible the appointment of the Philippine Commission which was vested with "that part of the military power of the President in the Philippines which is legislative in its character."⁷ The executive authority was retained in the military commanders in order to assure the ready and prompt action which the exceptional situation demanded. Ju-

⁷ Report Secretary of War, 1900, page 25.

dicial power was vested in such courts as the Commission, in the exercise of its legislative power, might create. Although nominally exercising legislative powers, the Commission enjoyed important executive functions. Thus under the instructions issued by the President, August 7, 1900,⁶ the Commission was given power "to appoint to office such officers under the judicial, educational and civil-service systems and in the municipal and departmental governments as shall be provided for."

It was felt by the administration that the injection of the civil element into the military government would soften the rigors of the latter and would tend to bring the administration of the affairs of the islands into closer harmony with American standards of liberty. While this end was undoubtedly attained, the peculiar division of power gave rise to friction between the Commission and the military authorities which threatened to reduce considerably the usefulness of the former. In order to pave the way for the complete establishment of civil government, the Spooner amendment to the army appropriation bill was passed (March 2, 1901), which provides that "all military, civil and judicial powers necessary to govern the Philippine Islands . . . shall, until otherwise provided by Congress, be vested in such person and persons and shall be exercised in such manner as the President of the United States shall direct for the establishment of civil government and for maintaining and protecting the inhabitants of said islands in the free enjoyment of their liberty, property and religion." This amendment made it possible for the President to make such adjustments between the civil and military authorities as the exigencies of the situation required. Wherever disturbances were still threatened the military government remained in undisturbed control; in the districts completely pacified the civil authority was made supreme.

In June of the same year President McKinley exercised the power thus vested in him by creating the office of civil governor and appointing the president of the Philippine Commission to the position. The authority of the military governor was narrowed to those districts in which insurrection against the authority of the United States continued to exist. On the fourth of July, 1901, Judge Taft was inaugurated as civil governor. This was followed on the first of September by an order of the President establishing four

⁶ Report of Secretary of War 1900, Appendix B, page 73.

executive departments to which the members of the Commission were assigned. Commissioner Worcester was made head of the Department of the Interior, Commissioner Wright was made head of the Department of Commerce and Police, Commissioner Ide was assigned to the Department of Finance and Justice and Commissioner Moses, to the Department of Public Instruction. In order to perfect the organization thus provided the Commission, on the sixth of September, passed an act prescribing in detail the jurisdiction of each of the departments.

The effort to increase the authority and extend the influence of the civil government was accompanied by a no less determined purpose to give to the people of the provinces and towns some control of their own affairs. Soon after the military occupation of the archipelago, the first step in this direction was taken. In Negros, the military governor had called together the leading natives of the island, who drafted a form of constitution providing for an elaborate governmental organization, which remained in operation until April, 1901, when the provincial law enacted by the Commission was introduced. With the formulation of a municipal and provincial law, the introduction of civil rule in the local governments was placed upon a firm foundation. One of the duties most strongly emphasized in the President's instructions⁹ of April 7, 1900, to the Philippine Commission was "the establishment of municipal governments, in which the natives of the islands, both in the cities and in the rural communities, shall be afforded the opportunity to manage their local affairs to the fullest extent of which they are capable, and subject to the least degree of supervision and control which a careful study of their capacities and observation of the working of native control show to be consistent with the maintenance of law, order and loyalty."

Pursuant to these instructions, the Commission framed a general act for the organization of municipalities under which the towns were made bodies politic and corporate. Some of the leading characteristics of the Spanish system were preserved, the most notable of which is that the mayor, or town president as he is called, presides over the meetings of the council and in case of a tie, casts the deciding vote. He also enjoys a veto power which can only be overcome by a two-thirds majority of the Municipal Council. Al-

⁹ See Report Secretary of War 1900, Appendix B, page 72.

though wide powers of initiative are given to the towns a strict supervisory control is retained by the the insular government, especially in matters relating to sanitation and police. As soon as the provincial governments were organized a portion of this authority was vested in them. Up to the present time nearly eight hundred municipalities have been organized under this law. The general municipal law was not made applicable to Manila, to which an exceptional position was given. It was felt that to hand over the capital city to the uncertainties of an elective system might involve some danger and considerable inconvenience to the insular authorities. A plan modeled after the government of Washington was adopted, viz: a Commission of three persons appointed by the governor, by and with the advice and consent of the Commission.

In order to complete the system of local government, an intermediate authority between the municipal and insular authorities had to be provided. Under Spanish rule the archipelago was divided into provinces. Sound policy dictated that these administrative divisions be utilized by the American government. The instructions to the Commission emphasized the importance of a thorough organization of "the larger administrative divisions, corresponding to counties, departments or provinces, in which the common interests of many or several municipalities falling within the same tribal lines or the same natural geographical limits may best be subserved by a common administration." A general act for the organization of provincial governments was accordingly passed,¹⁰ providing for a provincial governor as chief executive and a provincial board composed of the governor, treasurer and supervisor. The choosing of the governor is vested in the councillors of the municipalities of the province, subject to the approval of the Philippine Commission. The first incumbents were selected by the Commission after consultation with the leading men of the province. The treasurer, the supervisor and the secretary are to be chosen by the Commission, subject to the provisions and restrictions of the Civil Service act. The powers and duties assigned to the province correspond closely to those exercised by the county in the Middle and Southern States—administration of roads and bridges, assessment of provincial taxes and maintenance of the courts of first instance. The determination of the general policy of the province in all these matters

¹⁰ Act of February 6, 1901.

is left to the provincial board which is thus made a kind of legislative assembly. Early in 1901 the Commission undertook the reorganization of the judicial system, providing for a Supreme court with a chief justice and six associate justices, fourteen courts of first instance and a justice's court in each municipality of the archipelago.

Thus, step by step, the foundations for the fully developed structure of civil government were being laid. The work was done with so little outward show, that the people of the United States failed to realize how thoroughly every requirement had been fulfilled. The mass of the people still believed the military arm of the government was supreme in the Philippines, when the announcement came that conditions were ripe for the final step in the substitution of civil for military rule.

This was accomplished by the act of July 1, 1902, known as "An act temporarily to provide for the administration of the affairs of civil government in the Philippine Islands, and for other purposes." The measure is qualified as "temporary" owing to the tentative character of the provisions relating to the elective assembly. In fact the advisability of introducing representative institutions threatened, for a time, to produce a deadlock between the two houses of Congress. The recommendation of the Philippine Commission was that on the first of January, 1904, there should be elected a popular assembly which, together with an appointive upper house, should form the legislature of the islands. The bill in the form in which it emerged from the Senate Committee, and passed by the Senate, made no provision for a representative assembly other than to direct that as soon as a general and complete peace shall have been established, a census of the people of the Philippine Islands should be taken, containing all the information necessary "to enable Congress to establish intelligently a permanent popular representative government." This provision was radically changed by the House Bill which directed the President to authorize the Commission to call a general election for the choice of delegates to a popular assembly, as soon as the pacification of the islands was completed.

After considerable discussion a compromise plan was finally adopted providing for a census, to be taken as soon as the insurrection ceased. Two years after the completion and publication of such census, in case such condition of general and complete peace

shall continue, of which fact the Philippine Commission shall certify, the President is to direct the Commission to call a general election for the choice of delegates, and the Commission is then required to make such call. This body, which is to consist of not less than fifty and not more than one hundred members, is to be known as the Philippine Assembly and is to be the lower house of the legislature. The Philippine Commission, whose members are hereafter to be appointed by the President, by and with the advice and consent of the Senate is made the upper house. The qualifications of voters for members of the lower house are the same as those of electors in municipal elections.

A provision of great importance which is likely to prevent much friction as well as inconvenience, authorizes the treasurer, with the advice of the governor, in case the legislature has failed to make the appropriations necessary for the support of the government, to make payments equal in amount to the sums appropriated in the last appropriation bills for such purposes. By this means, the most serious dangers resulting from a deadlock between an elective and appointive house are avoided. The experience in Hawaii and the fortunate combination of circumstances by which Porto Rico has avoided these dangers, emphasize the wisdom of such a course.

It would, probably, have been better to have made the sessions of the legislature biennial rather than annual. With a population untrained politically, personal and party animosities are deeper and more bitter than in the United States and the assembling of the legislature is likely to bring these antagonisms to the verge of conflict. In any case, a feeling of unrest and uneasiness is apt to prevail during the legislative session which reacts unfavorably upon business interests. There is furthermore constant danger of a deadlock between the two houses owing to radical differences of opinion as to the scope of legislation. Amongst the native element, paternal ideas of government, inherited from the period of Spanish rule, will prevail and will find expression in all sorts of schemes to aid individual enterprise. In the upper house, in which the American element will predominate, all such plans will meet with uncompromising opposition. On this point the experience with the native lower house in Porto Rico is full of instruction. The table of the assembly was littered with plans to aid the planter, the debtor, the small trader—in fact almost every class in the com-

munity. The firm stand taken by the executive council, while saving the credit of the island, aroused considerable feeling between the two houses. The exceptional political situation, which gave to the administration party every seat in the House of Delegates, prevented an open conflict. It is hardly safe to depend upon such a fortunate combination of circumstances in the Philippines.

In determining the representation at Washington, the Philippine act follows the Porto Rican precedent in providing for resident commissioners. Two such commissioners are to be chosen by the legislature, each house voting separately. That this form of representation produces most unsatisfactory results has been amply proven by the experience of the Porto Rican commissioner. Denied admission to the floor of the House of Representatives, he is unable to present the needs of the island in such a way as to command attention. This soon creates the impression amongst the inhabitants that their interests are being neglected. There seems to be no good reason why the representatives of our new possessions should not be given a position at least equal in dignity with the territorial delegates, with the right to speak on the floor of the House and with every other facility to present to Congress and the President the needs of the country which they represent.

The granting of franchises is hedged about with a multiplicity of restrictions resembling the provisions of a city charter rather than the clauses of a territorial organic act. Already during the discussion of the Porto Rican bill, the cry that the new possessions were to be exploited by franchise-seeking corporations led to the insertion of a number of prohibitions and limitations which proved a real obstacle to the investment of capital. In the Philippine act, the restrictions have been increased in number and severity.

In legislating for conditions so exceptional as those existing in the newly acquired territory, we cannot apply the same standards that prevail in the most advanced of our Western communities. Any attempt to do this cannot fail to retard the development of the country by discouraging the influx and investment of capital. Under the most favorable circumstances, capital will require exceptional inducements to enter upon the uncertainties of investment in a country inhabited by a people of a different race and amongst whom are to be found all the grades of civilization from the lowest forms of barbarism to the cultured Filipino of Manila. The

reservation that all franchises are subject to amendment, alteration or repeal by Congress, while seemingly a measure of precaution introduces an element of doubt into all such grants which will tend to discourage intending investors. After fulfilling all the requirements which the insular government is certain to prescribe, a long period of uncertainty will follow owing to the possible disapproval of the government at Washington. The fact that a positive approval by Congress is not required but that the power of amendment, alteration or repeal continues for an indefinite period will only tend to aggravate the situation. Had this power been lodged in the insular government no such consequences would follow. The moment, however, the control in matters of this character is vested in an authority nine thousand miles from the scene of operations, the primary requisites for the security of capital—viz, definiteness and certainty—disappear. A similar provision in the Porto Rican act led to a request from the insular authorities for its repeal. It was felt that Congress could not so familiarize itself with the local situation as to make its control in such matters either effective or salutary.

A further attempt to force local conditions to conform to one hard and fast standard is to be found in the provision requiring that every corporation authorized to engage in agriculture shall by its charter be restricted to the ownership and control of land not exceeding one thousand and twenty-four hectares, *i. e.*, 2529.28 acres. The original Senate bill did not contain this requirement. If strictly enforced, it can only lead to one of two results, either to hamper the development of the resources of the islands, or to give rise to devices for evading the law. The modern sugar *central* requires the cane from five or even ten thousand acres in order to be kept in full operation. If a corporation is not permitted to own the land necessary to assure the full utilization of a sugar plant worth from one to two million dollars, it must resort to the system of long leases, which in a new country always involves a certain amount of risk. In the Porto Rican act, the maximum amount of land that might be held by a corporation for agricultural purposes was fixed at five hundred acres. Although it has been easily evaded, its presence in the statute book has undoubtedly had some influence in discouraging investment. Any attempt to hamper the growth of corporations in these tropical countries is peculiarly

dangerous as they are the only agencies through which Northern capital can readily be attracted. But few individual capitalists are willing to undergo the hardships of life in these regions. There is, however, a considerable number of business managers, whose acquaintance with tropical conditions enables them to manage the affairs of corporate enterprises with great success. The successful administration of the islands is so intimately bound up with the exploitation of their resources by American and foreign capital that any discouragement to the latter is bound to increase the difficulties of the civil government.

It is furthermore a matter of some surprise that the act undertakes to regulate the issuance of municipal bonds; specifying the denomination of the bond, the rate of interest and other details. Specific authorization is given to the city of Manila to issue bonds to the extent of four million dollars for the purpose of constructing an adequate sewer and drainage system and securing a water supply. Most of the restrictions and limitations were undoubtedly inserted with a view to increasing the salability of these bonds, but for this purpose, all that was strictly necessary was a provision requiring a sinking fund for both interest and principal based on a specific tax requirement. All further details might well have been left to the Philippine government. This was done in the case of Porto Rico and proved eminently satisfactory. It was found that the peculiar conditions of municipalities of different size and resources required varied treatment. By careful attention to these local requirements the insular government is gradually building up the credit of the cities. Had Congress prescribed one uniform plan, it would have required a much longer period to enable the local government to meet the pressing needs of public sanitation and education.

In determining the civil and political status of the inhabitants, the course pursued in the first draft of the bill was precisely similar to the provision of the Porto Rican organic act. All those who were Spanish subjects on the eleventh of April, 1899, and then residing in the islands, and their children born subsequent thereto, except such as elected to preserve their allegiance to the crown of Spain in accordance with the provisions of the treaty of Paris, are designated as citizens of the Philippine Islands. The discussion in both Senate and House showed a desire to extend more substantial guarantees than those contained in the grant of Philippine citizenship.

It will be remembered that in the insular cases, the Supreme Court held that the islands could neither be regarded as foreign territory, nor as part of the United States within the meaning of the Constitution. Incorporation into the United States can only be effected by the political organs of the government. This was construed by Congress to mean that the Constitution does not attach to the new territory, and led both Senate and House to insert a bill of rights. The enumeration of rights and immunities closely resembles the bills of rights of some of the State constitutions, to which four of the fifteen amendments of the Federal Constitution were added. A comparison with both the State and Federal Constitutions shows some significant differences and omissions.

Article two of the amendments to the Federal Constitution which gives to the people the right "to keep and bear arms" is omitted for obvious reasons. Again the provision prescribing the procedure in criminal cases omits the requirement of trial by jury, and simply prescribes that in all criminal prosecutions, the accused shall enjoy the right to be heard by himself and counsel, to demand the nature and cause of the accusation against him, to have a speedy and public trial, to meet the witnesses face to face and to have compulsory process to compel the attendance of witnesses in his behalf. This modification of the usual form, leaves the Philippine Commission free to determine the form of criminal procedure and to prepare the way for the gradual introduction of the jury system.

The authorization given the Commission by sections sixty-three to sixty-five inclusive, to issue bonds for the purchase of lands belonging to the friars gives concrete expression to one of the most difficult and perplexing problems involved in the government of the archipelago. The power is a sweeping one and enables the Commission to acquire the "lands, easements, appurtenances and hereditaments which, on the thirteenth of August, 1898, were owned or held by associations, corporations, communities, religious orders or private individuals in such large tracts or parcels and in such manner as in the opinion of the Commission injuriously to affect the peace and welfare of the people of the Philippine Islands."

From the testimony of Governor Taft before the House and Senate Committees, it is evident that upon the settlement of this question depends the maintenance of social order in many of the provinces, especially in Laguna, Cavite and Bulacan. Although the

friars seem to hold a good title to the lands—amounting to about four hundred thousand acres—any attempt to assert their title would immediately be followed by disturbances of the most serious character. To the natives, the friars represent, rightly or wrongly, the oppression of the Spanish *régime*. For the American government to enforce their claims as against the present tenants would make a wilderness of some of the most prosperous sections. The only possible solution is that suggested by the Commission, viz: to settle the present tenants on the land as owners, allowing them to make payment for the same in easy installments. The initial cost to the Philippine government will probably range from five to eight millions of dollars.

Compared with the Hawaiian and Porto Rican acts, the Philippine measure marks a further step in the direction of Congressional interference in the distinctly local affairs of our new possessions. Although the plan was adopted with a view to protecting the interests of the islands, the tendency is one which may defeat the purpose for which it is intended. One of the most serious defects of the Spanish colonial administration was the never-ceasing interference of the Madrid authorities in purely local questions. Removed so far from contact with local conditions, the decisions of the central authorities were usually based upon insufficient information and subject to the changing demands of national politics. The result was that much-needed improvements were indefinitely postponed because of the wearying delays and discouraging conditions set by the central government. Unless Congress, in dealing with the new possessions shows greater readiness to leave to the insular governments the decision of distinctively local questions, we are likely to learn from bitter experience, that successful administration in countries presenting such varied conditions, requires an adaptability of policy and an elasticity of method which can only be attained by giving to the local authorities a large measure of discretion and holding them to strict accountability for their acts. Spain failed to learn this lesson and made a miserable failure of her colonial administration, France is gradually taking it to heart after many costly failures, England's success during the nineteenth century is due to strict adherence to the principle. Unless the United States can profit by the experience of the great colonizing powers, we cannot hope to escape the discouragements and failures through which they have been compelled to pass.

L. S. ROWE.

SOME UNSETTLED QUESTIONS IN HOSPITAL ADMINISTRATION IN THE UNITED STATES¹

In considering the administration of hospitals in the United States we are confronted by the initial difficulty that, although an enormous amount of money is invested in such institutions, there is no uniform, or even customary, system of administration or accounting. The State institutions, under the present methods of government, are liable to be dominated by politics. The city hospitals, the funds for the support of which are secured by an appropriation of councils, are in some instances free from politics and administered satisfactorily, notably in Boston and Cincinnati. But these institutions are also in a class by themselves. The average citizen is more concerned with the hospital which he helps to support by voluntary contributions and which, without State aid, he would be called upon to support more directly than he does at present, and it is of these which I shall speak more particularly.

The business of running a hospital, like any other business, needs to be learned. No one would take a man, whatever his personal attainments in his own special line, and set him down at the head of a bank, a store, a ship, or an army corps, and expect him at once to give a competent and valuable opinion on the various interests involved. He would leave himself entirely in the hands of the officers administering that business, and unless he had confidence in them, would be rash to lend even the support of his name. If he interfered in the detail working without knowing anything about it, he would be still more rash. Yet in a hospital, in which the issues of life and death daily concern many people, such hesitation is remarkably rare. The youngest physician or the most recent trustee, thinks there must be something wrong if he does not immediately understand all about it, and is surprised at the strength and diversity of interests he finds tugging different ways. But, as a matter of fact, a hospital is no less full of the interests of life and progress because it also holds the sick and the dying, who are unwillingly loosening their grasp of these same interests, to join those who sleep soundly in spite of it all.

If the administration of our hospitals is to be discussed at all,

¹ Part of this article was read at the International Congress held in Buffalo, 1901. Section on Hospital Administration.

it must, if anything is to be accomplished, be discussed with candor. At present much money is admittedly wasted in the duplication of charities and the lax methods of administration. Moreover, the first to suffer from the maladministration of a hospital are undoubtedly the patients. This sounds to us like a truism, but the public does not yet appear to realize this elementary fact, nor that it alone has power to mend matters by the intangible but very real force of public opinion and by ascertaining which are the right sort of charities, rightly and reasonably governed, before giving its money to them. Any person of average intelligence can do this, if he is willing to spend a little time about it and take a considerable amount of trouble.

To those who have a working knowledge of hospital administration, it seems obvious that if too much is left to inexperienced men, if the food is badly served, if the patients are subject to undue interruptions, if a mean and petty spirit pervades the institution, instead of one of cheerfulness and peace, if the visiting staff do not visit, if through interest, jealousy, or for all too common reasons, incompetent men are appointed on the staff, it is clearly the patient who suffers primarily. But no business is conducted with so little real inspection; no doll's repair shop is provided with so little skilled labor in regard to administrative matters, or even when supplied with skilled labor has so many adverse conditions to struggle against as the average hospital in the large cities of America. As for the balance sheets and reports, we know that the statistics quoted therein are often not worth the paper they are printed on, are apparently more often meant to mislead than to inform, and in any other business would land those responsible therefore in the bankruptcy courts if not in the penitentiary. This is, of course, the result of corporate carelessness rather than personal dishonesty. But it is wonderful how general it is, especially when it is remembered that hospital funds are, or should be, practically trust funds, and liable to a public accounting. The public who have contributed this money in one form or another have at least a right to a plain and accurate statement, if one is issued at all.

I fear that a simple-minded inquirer who thinks that in order to ascertain the facts in regard to any institution in which he is interested, he needs only to send for the last annual report, will find that his task is by no means so easy as it looks, either in regard to

statements of receipts and expenditures, or the number of patients treated. He will find that frequently no attempt is made to separate income from principal; that it is impossible to ascertain the amount of money really expended for maintenance or permanent improvements; that often the vaguest ideas prevail even as to the total expenditures for the year, and the net profit or loss. He will find that in the detailed account for maintenance the milk and the coal, for instance, are for some inscrutable reason, occasionally lumped together. I call to mind one item entered thus: "Received for board of soldiers, rebate on coal, etc." In such cases it is of course impossible to ascertain either the amount of money received from board of patients, or the actual cost of the lighting and heating. Nor is it possible to ascertain what or how much "et cetera" includes. In some cases interest on mortgages, water rent, insurance and other fixed charges, sometimes even lighting, heating, and salaries, are not included in the estimate of expenses per capita. This, of course, makes the expenditure of some hospitals appear excessive, whilst others appear abnormally low. In other reports the accounts of the treasurer and the superintendent have been known to differ by as much as \$3,000, and the superintendent's fiscal year may begin at one time, and the treasurer's at another, whilst convalescent homes and other branches of the same institution may arrange for yet a third.² Others, again, obviate these difficulties by omitting to furnish any detailed account of expenditures, and thereby, no doubt, save themselves much trouble. Where trustees or managers are so indifferent in regard to money matters, it is hardly to be wondered at that expenditures are oftentimes unadvisedly made, and extravagance prevails. It would be unreasonable to expect otherwise. It is true that those institutions which receive State aid are required by the State to return an itemized account of their cash payments, divided as the State directs. In Pennsylvania, however, the State will accept a statement only of bills actually paid, and not those incurred. This statement obviously does not represent the expenditures of those institutions which habitually run on a deficit, and most of them do. The State Auditor

² See editorial in *Philadelphia Medical Journal* for June 18, 1898. This hospital I note has since had the financial statement issued in its annual report revised by an expert accountant. It is encouraging that drawing attention to these matters makes for better and more careful work.

told me this was done because it was found that hospital authorities sometimes made their deficit appear larger, and the consequent necessity for State aid, therefore, greater than it actually was, by running up large bills for maintenance, when these should rather be charged up to permanent improvements. For when the State makes a grant for building it requires that the sum allowed should be employed for building; and if for maintenance that it should not be used for other purposes. This of course is quite proper. But the method pursued to secure this end is both inadequate and misleading. The economy effected by the simple method of not paying your bills is more apparent than real.

An article on hospital finance, as shown in printed reports, published as an editorial in the *Philadelphia Medical Journal* of June 18, 1898, written by an expert accountant who has gone into these things very thoroughly, would repay perusal by any one interested in these matters. I was somewhat surprised to find when this article came out, stating substantially what I have said above, but giving exact references, that it did not, so far as I am aware, arouse any comment whatever. Very able articles have also been appearing recently in *American Medicine*. A little book, entitled "Municipal Government," by Bird S. Coler, ex-comptroller of New York, is also most interesting, as showing that this kind of thing is not confined to Pennsylvania. He commences one of his chapters by saying, "The subsidy system probably finds its greatest abuse in medical charities," and I consider his statements throughout exceedingly conservative.

One of the reasons (other than carelessness) for rendering inaccurate accounts of the number of patients treated, is that the claims put forth by the various hospitals for State aid are ostensibly based on the amount of work done, viz, the amount of free treatment given ward or dispensary patients, "the sick poor." It would seem hardly worth while, however, to do this for, as a matter of fact, the hospital which has the most political pull usually gets the largest grant, and the quality and quantity of work done has little to do with it. This is an accepted and recognized fact, and has to be reckoned with as adding to the difficulty of honest administration of hospitals in this country. It has to be allowed for in institutions dependent in any way upon State aid, and is a handicap which often crops out at unexpected moments.

One hospital, presumably in order to add to the ostensible number of cases treated, follows a simple expedient in counting the new patients, first as one visit; then counting the total number of visits, including the first visit; and adding the total number of new cases again to the total; thus, if there were three hundred new cases and a total number of nine hundred visits, it would be carried out as a "grand" total of twelve hundred. Again, when a visit of a legislative committee is to occur, whose prerogative it is to inspect all hospitals applying through the State Board of Charities for State aid, every possible dispensary service, surgical operation, or ward class, is quite easily arranged to fall in at that hour. Certain hospitals always know the exact hour at which to expect such visitors; others do not. However, this apparently makes no difference in the amount of money actually obtained, such matters being settled out of court, as it were; and perhaps may be considered merely as a delicate attention to the visitors, serving to make their stay interesting.

Even a superficial examination of the minimum length of time and services rendered constituting a *bed-day* is also full of surprises and pitfalls for the unwary. Some hospitals regularly "admit" any dispensary patient who needs perhaps a slight operation and a "whiff of ether," and remains three or four hours to recover from the effects.³ Others consider that if a patient occupies a bed during the whole of a night, and possibly takes not only a "whiff of ether," but a good breakfast next morning, it makes one day, reckoning as some hotels do. Others again do not count as house cases any but those who are transferred to the in-patient wards, the unit being twenty-four hours. This last was the method agreed upon by the hospital authorities in Philadelphia when rendering their accounts to the United States Government for the board of soldiers cared for during or after the Spanish-American War, and if State aid were abolished this standard would probably be generally accepted. The twenty-four hour day is also used in Great Britain. It takes a little imagination to consider the two, three or four hours' stay necessitated by the removal of a finger joint or the opening of a felon a "day," although possibly the time does seem to the patient to go slowly!

In Philadelphia the supply of beds is in excess of the demand.

³An amusing editorial recently appeared in a medical journal entitled "The Double Bed," showing the *reductio ad absurdum* which occasionally befalls such enterprise.—*American Medicine*, April 19, 1902.

This probably is also true of other cities. Nevertheless, new hospitals are constantly arising, irrespective of the need for them, and are given not only State charters, but State money. State aid is also given to private hospitals, which are used for special classes of patients already amply provided for, such as gynecological cases, and which do practically no dispensary or teaching work. They are often closed during the summer months while the physicians connected with them take their summer holidays. The reasons for the opening of these hospitals are too evident to need explanation, even to the casual observer. These hospitals "nurse" their patients cheaply by establishing "training schools." They issue "diplomas," and it is often not until the unfortunate pupil nurses have completed two years' service that they find that in order to secure any standing in their profession, they have to begin all over again; and that even when they are willing to do this, regular hospitals are often not anxious to take them.

On the other hand, State aid is refused or very much cut down, to hospitals in poor sections of the city which treat large numbers of out-patients and which may have existed for several years. I once asked a member of the State Board of Charities why this was done, and the answer was a somewhat sweeping, "we do not approve of dispensaries." Considering the miscellaneous assortment of things the Commissioners did apparently approve, I thought this was sufficiently interesting to ask, "Why do you not approve?" and the answer was, "Because the doctors do not approve," "nor the druggists," murmured another member, "don't forget the druggists." But it would not seem that the medical profession or the drug trade were "infant industries" to stand in need of a protective tariff, or that hospitals were established solely for their benefit. Moreover, these statements seemed to me to be hardly warranted by the facts.

It is my belief that the greater number of physicians get too much out of their dispensary practice to disapprove of it, and that the greater number would themselves readily admit this. From the professional point of view numbers of medical men, both young and old, add much yearly to their medical lore by the study of dispensary patients. No one who has not had to buy them knows the number of new drugs used experimentally on dispensary patients; if apparently successful, to be then used on in-patients under closer observa-

tion; if still yielding satisfactory results, then in private practice. There are also many classes of cases, such as broken arms or skin diseases, nasal deformities, chronic but slight orthopedic deformities, slight organic heart diseases, which it is cruel and unnecessary to force into the hospital as in-patients. To oblige this class of patients to stop work entirely and break up their homes for an affection requiring frequent, although slight attention, is forcing pauperism upon them. To say that this class of patients can afford to go to a doctor's office is not the case. Nor can the physician who has a fairly good practice and an average experience, afford to treat them. The young man who is only busy waiting for patients to drop in, has not only a very limited experience, but also possesses none of the material resources of a hospital. He cannot afford to give the patient lint, bandages, splints, ointments or medicines, and the patient cannot afford to buy them at retail druggist prices and also pay the doctor even a small fee. But most of all, the patient whose health is his only capital, as well as his income, cannot afford the loss of time which inexpert treatment entails. It should be remembered that the unnecessary loss of skilled artisan labor is also a loss to the community which may be reckoned in dollars and cents. Any one who knows anything of hospital work, knows of many instances where patients have drifted into the dispensaries with ununited fractures, simple skin diseases which have lasted for years, or other ailments and who have spent their money on doctors, and have not a cent left. That there *are* cases of abuse is undoubted. Are not all good things sometimes abused? But any case which the physician feels is imposing on his time and on the hospital supplies, he can easily question at the time he is taking the patient's history. By the manner of the replies as well as the matter, aided by his knowledge of human nature, he can frequently tell what sort of case it is. If a border line case, as it were, the patient can with perfect propriety be made to take his turn with his undoubtedly poorer neighbors, can be lectured on, or used for demonstration to students. This weeds out many. Or the physician can say simply that he does not consider him or her a proper case for hospital treatment. Such cases can be reported at the hospital office, and investigated either by the Charity Organization Society, which will look into and promptly report upon such cases, or by the hospital inquirer who is deputed for this duty. It is also to be noted that

physicians themselves not infrequently encourage the attendance of "interesting cases" quite irrespective of their social status. As I have lived most of my hospital life in teaching institutions of one sort or another, I must confess to a certain amount of sympathy with this standpoint.

In any case, while it is certain that many patients obtain dispensary aid who are able to afford small fees, the cure of dispensary abuse must necessarily originate with the physician, and be carried out with his co-operation. It cannot be done without it. No number of rules, no board of management, however good their intentions, can as a matter of practical fact, save him all trouble and responsibility in this respect. I believe that any sensible and practical rules which would do away with dispensary abuse, if brought forward by the medical staff of a hospital, would be immediately accepted. The fact that no such regulations are brought forward beyond those already mentioned, proves the difficulty of legislation in this matter. And from the patient's point of view I must again repeat that to force many patients to become hospital in-patients, is to force pauperism upon them. Few have any reserve fund, and coming into a hospital, even for six or eight weeks, means breaking up their homes, selling their bits of furniture, and boarding the children out. I have not heard this point stated, but I know it to be a fact. The deserving poor are not always those who have not a cent in the world, nor are those the poorest. Also, it is undoubted that there are just as many abuses from the medical side as there are from that of the patients, only the patients have no one to write their briefs for them.

Another point in dispensary service which I mention merely to show the many aspects which this question assumes, and the many interests involved, is brought up in an article by a physician recently published in a well known medical journal,⁴ contrasting unfavorably the treatment accorded by hospital superintendents to physicians working in dispensary services, compared to that accorded physicians of equal standing in the wards of a hospital; this more particularly in neglecting to furnish instruments for their use, and the unreasonable number of patients they are expected to treat in a given time; and recommending personal supervision by managers or superintendents as a remedy. So far as I have been able to observe, these

⁴Philadelphia Medical Journal, August 17, 1901.

statements are quite true of all large city hospitals from which I have been able to obtain data. But neither the reason nor the remedy would appear to be well taken. The hospital superintendent does not, for instance, willfully assign an undue number of patients to a certain physician, seeking to overwork or incommode him. The superintendent indeed generally has nothing whatever to do with the assignment of patients, each hospital having its own rules or customs in regard to this. When one remembers the "feelings" which are aroused by the sometimes accidental transference of patients from one service to another, one wonders at this particular complaint being brought! In any case, the remedy would seem to lie with the physician himself, rather than with the superintendent of the hospital. The patients whom he finds himself unable to treat might be referred to another service, or even another hospital which is not so crowded. In the present over-stocked condition of the medical profession, where the supply is said to be greater than the demand, he might secure additional assistants, who, if they do not already know, might soon learn to carry out routine treatment, referring all doubtful cases to the "chief of clinic" or head physician for supervision and direction. Given sufficient space and light, this difficulty seems capable of solution in more ways than one.

In regard to the supply of instruments, it is only too well and widely known that hospital superintendents are not able to keep dispensary services supplied with instruments, because they so speedily disappear. I think it is seldom willful neglect on the superintendent's part. It is merely that it is useless to supply them. In the recent report of the Bellevue Medical Board in connection with the reorganization of that institution, the recommendation was made that an officer be appointed, whose duty it would be to see that hospital instruments and supplies were not removed. Judging from one's own experience, however, it would take many duplicates of Sherlock Holmes to accomplish the desired result. For the foregoing reasons, the immediate supervision of dispensary services either by the hospital superintendent with his many other duties, or by an officer appointed for that sole purpose, is, I fear, impracticable. In this department the physician himself is quite properly supreme, and upon him alone falls the responsibility for right treatment of patients, or in the last resort upon the appointing power which places him there.

Lay Versus Medical Control.

Governments, like lesser folks, are judged by results. Whether the government be called a limited monarchy, an autocracy, or a republic, is of less importance than that it should be efficient, and secure to the people their just rights and privileges. Lyman Abbott, an American whose broadmindedness few would dispute, in his "Rights of Man," says of government, "Its function is the protection of the inherent indefeasible rights of person, property, reputation, family and liberty. It has other and secondary functions, but if a government fulfill this one function of protection justly and adequately, it is a good government whatever its form; and whatever its form, it is a bad government if it fails to perform this function justly and adequately; it is pre-eminently a bad government if, instead of protecting rights, it violates them." These words apply to the administration of hospitals, as well as of cities or countries. The rules, customs and government of a hospital often intimately concern the happiness, rights and persons of from two to eight hundred or more people, sick and well. And from whatever ranks the governors are drawn, lay, medical, or both, the government is practically an autocracy, from the decision of which there is no appeal. Therefore, it behooves us, whenever we have the power of choice, to choose our autocrats wisely. To maintain a just and fair equilibrium between science, philanthropy, and an annual deficit is often the far from enviable lot of the board of trustees. Indeed, finance is often the most urgent of the three, for the butcher and drug dealer are by no means as patient in the settlement of their account as is science! Running a large business on a deficit, needs very consistent and very thorough attention from some one if the doors are to be kept open, patients fed and even small salaries paid regularly to the necessary employees; and this quite without consideration for the supply of the newest scientific apparatus, the very latest discovery in drugs, and the repair of large and much used buildings.

Whether medical men are generally constituted to fulfill the requirements of all good governments and also those of finance, is a point which is perpetually under discussion in the medical journals. Sometimes the statements made do not seem quite logical, nor do they by any means agree one with the other, but they are none the

less interesting on that account. An article in a medical journal recently said in an editorial on Medical Representation in Hospital Management:

"Medical men are, by very reason of their training and their profession, most tolerant, most broadminded and most judicial in their judgments, and they will yield to none a sense of greater humane consideration for the well-being of those entrusted to their care. While it is true that the physician is, largely in consequence of more important demands on his time and energy, disinclined for the details of business matters, he is often possessed of a fine and ethical business judgment; and of course, none can take his place in dealing with matters appertaining to the professional aspects of Hospital Government."⁵

A medical journal of equal standing takes a somewhat different view of the capacity usually shown by medical men for business. In commenting on the will of Cecil Rhodes and his endowment of scholarships, it says⁶:

"In one thing, however, he might have given the medical profession most sound advice. He told the Oxford Dons that from the nature of their life-work they were in financial affairs 'like children,' and he urges them to seek and follow the advice of men trained and successful in the management of commercial matters. The revolution in the management of hospitals and medical colleges which has lately taken place in our country, whereby lay trustees and administrators have replaced medical men, is a proof that Mr. Rhodes would have been right if he had spoken in the same tone to us. What is still needed is some wise mentor to tell every practitioner that he should do the same in the management of his personal monetary concerns. Almost every medical man needs a trustworthy business adviser. The great tragedy of our lives has been and remains due to trusting to our untrustworthy financial judgment. The typical busy practitioner is indeed too often like a child in such things."

The *Philadelphia Medical Journal* of January 18, 1902, quotes the *Medical Record* of New York, regarding the proneness of physicians to "take a turn on the market," and hopes it is true only of New York. Experience shows, however, that this hope has small ground in fact, and the result usually obtained is unfortunately not such as to convince the onlooker of the "fine and ethical business sense" claimed. The *Record* says:

"It is strange, but nevertheless true that there is more stock jobbing among physicians than with any other class of professional men. And it is equally

⁵ *Philadelphia Medical Journal*, August 10, 1901.

⁶ *American Medicine*, page 533, 1902.

conceded that they can least afford to risk their hard-earned incomes in that way. During the recent flurry in Wall Street it has been said on reliable authority that the medical profession sunk enough money on margins to endow a hospital or place the Society of the Widows and Orphans of Medical Men on the soundest possible footing," etc.

An article on "Our Hospitals," by a physician, which has been extensively quoted in other journals, says⁷:

"Individually and collectively they (members of the medical profession) have rarely missed an opportunity to demonstrate their business incapacity. For many years the business methods of the profession have apparently served but one useful purpose, viz: as an example for the youth of our country to shun; and it is a significant fact that the only organization to-day which has thought well enough of these methods to adopt them is the Salvation Army."

After dwelling on the advantages derived by the physician in being connected with hospitals, Dr. Niles then immediately asks:

"Do not our services justly entitle us to a voice in all professional questions in and out of the hospital, second to none, even to that of those benevolent individuals, charitable organizations or religious societies that founded these institutions?"

In summarizing the points he wishes to make, the writer asks:

"2. Is there any good reason why our hospital men and hospital authorities—sheltered as they are behind a strong combination—should be exempt from the same 'Code of Medical Ethics' that governs the profession generally?"

"7. In view of the important relations our hospitals are destined to hold with progressive medicine, is it not about time the professional mind began to dominate in these institutions?"

But in view also of the methods just described, as prevailing in the profession, is it quite reasonable to demand such control of these institutions? And to whose advantage would it be to grant it? In view also of the difficulties which indubitably exist between the practitioner who is on no hospital staff, and the surgeon, physician, or specialist who is, and which are duly set forth as being of an urgency which must soon secure recognition, one naturally asks whether it would remove these difficulties to make these same men also the governing and appointing power? To do so would indeed seem to the ordinary mind an extreme application of the old remedy "a hair of the dog that bit you." As regards this phase of the question, most hospital administrators know that opposition to any extension of the

⁷ *Journal of the American Medical Association*, H. D. Niles, M. D., March, 1902.

privileges of hospital treatment of in-patients, usually comes from the medical staff or faculty, and not from the board of management. Although this opposition undoubtedly arises from the feeling, common to most of humanity, that a privilege is valuable in proportion to its difficulty of attainment, and the limited number of those holding it, it has another side. And that is that a large city hospital which admits the patients of any man holding an M. D. degree, is very likely to find that advantage is taken of the ægis of the hospital to carry out treatment which men of greater experience would not sanction. If anything goes wrong, the hospital has to bear the onus, and its reputation suffers accordingly. In hospitals in which cases are admitted under the care of assistants, provided a member of the visiting staff signs the admission form, thereby tacitly acknowledging responsibility for the treatment carried out, it is noteworthy that the privilege is comparatively rarely used. In one case in which the superintendent of a hospital took the assistant's word for it that his medical chief knew and approved the case, where the patient subsequently died, the superintendent was very properly reported to the trustees of the hospital for neglecting the rules safe-guarding the work of the institution. For such reasons as well as other very practical ones, a board of management may well think twice before throwing open hospital facilities to all and sundry, although it seems at first sight the most liberal policy. Suggestion No. 5, in Dr. Niles paper, "better doctors and fewer graduates" might obviate some of the objections on both sides. As a matter of fact, it would appear that, consciously or unconsciously, the appointive power is the real *crux* at the bottom of the outcry for more power. In a country where the doctrine, "To the victor belongs the spoils," is a recognized system, "to the nominator belongs the nominee," is an altogether natural sequence. It is repugnant to one's common sense to suppose that the medical man really clamors to be allowed a share in paying off a large floating indebtedness, one or two mortgages, or even the butcher, the baker or the instrument maker. Hospital administration with its numerous cares and responsibilities, is not to him even the change of employment it is to the average trustee, and as for the philanthropic side which attracts the unpaid worker on hospital boards, we have already seen that he considers, and perhaps sometimes with justice, that he contributes too much already. His professional needs, in this country at any rate, are already well taken

care of. His orders for the care of his patients are scrupulously carried out, and his requisitions are honored wherever there is money to pay for them, and often when there is not. He is free to devote himself to the humanitarian and scientific aspects of his work—provided he combines the first with the second. But is that sufficient—is he contented? Certainly not. We have his word for it that he is not. And especially that not inconsiderable section which writes in journals.

Since a sound basis for the administration of our hospitals is really a very important matter, one affecting the interests of many future hospital patients, the relation of hospitals to the community and to medical science, and also the support by the public which is necessary to their success as institutions, and since the demand of the medical staff or faculty of a hospital to appoint and rule (and therefore of course when necessary to discipline) his brother practitioner appears both reasonable and feasible on the face of it, it may be worth our while to look into the matter as well as time and space will permit, and note what his qualifications are for administering the power he would claim, what his training is to that end, and how he has used these powers when they have been entrusted to him. In Lyman Abbott's "Rights of Man," which I have already quoted, he says, "the statement that men have a right to govern themselves does not mean that all men possess without education, the capacity for self government." The history of civilization has proved that to be true—from the point of view of civilization.

Let us consider as briefly as possible what the physician obtains from the hospital, and what the hospital obtains from the physician, and where his "inherent and indefeasible right" to govern it comes in. He may enter upon his medical studies from high school or college after passing an entrance examination which is by no means uniform as to standard, an academic degree being seldom required. When he leaves his medical school he is, if he has been a good student, brim full of theory, but lamentably deficient in practice. Four years' study of anatomy, physiology, therapeutics and so on has necessarily not gone far towards teaching him knowledge of humanity, as a whole, for he has had all he could do to study sections of it. It is unfair to expect of him anything more than gentlemanly conduct, and theoretical knowledge of the sections. He endeavors to enter a hospital as resident physician in order to acquire practical

knowledge. He would be bold indeed who would assert he does it solely for the benefit of the patients. Under the usually daily scrutiny of the visiting physician or surgeon, and the watchful care of the superintendent in administrative matters concerning the patient and the hospital, he adds to his knowledge of theory a gradually dawning conviction that neither in sickness or health do cases often fit the books. After one or two years, if he has sufficient money, he goes abroad to study. In Vienna, in Paris, in many places in Germany and in Russia, he studies in hospitals which are, to use a favorite phrase, "run by the profession, for the profession." He doubtless learns a great deal, but frequently forgets on his return that the free born American citizen won't be "run" that way. However, he is full of scientific enthusiasm, and the hospital superintendent learns to forgive and to protect himself against the bad five minutes spent with the patient's friends, which scientific enthusiasm usually entails. He "hangs out his shingle," and if he is industrious and wants to make a name, hastens to ally himself with the dispensary service of one, two or even more general or special hospitals. If it is a teaching institution, his name appears in the annual announcements. He substitutes for his chief in the latter's absence. If he is punctual and diligent, he is, when a vacancy occurs, at length appointed on the visiting staff. In large cities he has probably ere this chosen a specialty and becomes skillful in this branch; and he wins whatever renown he has amidst the fierce competition of hundreds of other young men who have done exactly as he has done so far, and want to do better in future. Now all this is very laudable and proper, but in it all where does his inherent right come in to govern the institution on the staff of which he has just been appointed? Most of his work is still hospital work, and although very instructive, is practically all free with the exception of a few cases which have been thrown in his way by his older colleagues or have drifted into his office; but he is becoming known, is beginning to establish "a family practice" and has a good prospect of doing well in the future, provided he keeps everlastingly at it; and in addition to appearing in hospital or university announcements, or taking quiz classes, he writes for the medical papers, and if possible a book, which need not be entirely original as to matter, but must be well printed, profusely illustrated and well advertised.

To cut an often long story short he at length obtains a very

fairly lucrative practice and becomes moderately well known. This does not bring him leisure—quite the reverse. Indeed, it is an acknowledged fact that the medical man in this position is not what the business man would consider independent; by no means sufficiently so to be in a position to discipline the fellow members of his profession. Moreover, he finds if he did not know it before, that he has become a member of the closest corporation in the world.

If a professorship, in the same hospital, college or university in which he is himself a professor, becomes vacant, and he is to nominate a fellow medical man for the vacancy, the whole question is not so simple a one as it appears to the layman. To put the best man in would appear to be the obvious thing to do; but if he is engaged in the same specialty, he is probably a bitter rival. His methods of using sponge, or knife, or physic bottle may be exceedingly distasteful. It is very difficult for anyone to suggest a name which will be entirely acceptable, and ultimately a man is often selected because he is inoffensive, or least offensive, rather than because he is in the first rank. Also it often happens that a man who is nothing much himself, one way or the other, but who may be influential from the point of view of patients or politics may request the kind offices of a member already on the staff and it may be distinctly inconvenient not to oblige him, especially if it is advisable to establish a consultant practice. Or a man is selected so eminent that he obviously cannot find time to do the work, in which case all the good either patients or students obtain from him is that derived from reading his name in the catalogue.

When it comes to matters of discipline it is admitted by many medical men who have occupied the unpleasant position of sitting in judgment on their fellows that the position is, for them at least, untenable; and this, I think, is one of the difficulties most commonly admitted by the medical profession itself.

As a general rule, the better physician a man is the more intensely individualistic he is. His very virtues and his ideals teach him that every case is to be considered as a thing apart and the less time he has for committees, finance or settling disputes. Such things are not compatible with a good practice. Administrators such as General Leonard Wood are really remarkably rare in the medical profession and when found they confine themselves to this work.

It is almost equally rare, to hear of a physician who raises

money for the institution in which he is interested. A William Pepper is almost as rare as a General Leonard Wood. Once in a while a rich patient may leave a legacy, but a large charitable institution is not to be kept running on these windfalls; a steady and systematic appeal must be made to the charitably inclined, and the name of the institution must be kept before the public, not as a place where scientific research is brilliantly carried out, but as a place where the patients get well and have good food and care. Usually some two or three members of the board give a very considerable amount of time to the financial concerns of the institution and as I have said before, running a large business on a deficit, needs very consistent and very thorough attention from some one, if the doors are to be kept open, and patients fed, and this quite without consideration for the supply of the newest scientific apparatus, the very latest discovery in drugs, and the maintenance of large and much used buildings.

Fortunately a lay board has generally a much better opinion of the medical staff as a whole, than the medical staff seems to have of it; and since they apparently do not read medical journals, they are unruffled by the "side lights" on the necessity for their existence.

They are not in any sense jealous of the professors, of their authority or anything that is theirs. If misunderstandings occur, which they will do where large numbers of people work together, they are not apt to "take sides" but judge the matter very much as they would in the railroad business, the factory or the law court. Mr. Gladstone's panacea for international difficulties—"a little common sense"—is also effectual here, and straightens matters out satisfactorily nine times out of ten. In more distinctly medical questions the layman is by no means anxious to act hastily. Besides the fact that he has no greater liking for a hornet's nest about his ears than the average mortal, he has generally, as a cautious business man, proper respect for the unknown, and it must be remembered that expert advice is very readily obtained. It is the one thing which an institution, whether in debt or out of it, may always count upon. Of course it is not possible to follow the advice of everybody, and equally naturally, the opinion of those whose advice is not followed is for the time being, unfavorable to those who refuse to follow it.

A board of non-medical men for the government of our hospitals in large cities, therefore, would appear for several reasons to rest

on a sounder and more practical basis than that of medical control. A very excellent chapter on this subject may be found in Burdett's *Hospitals and Charities for 1901*, p. 69. In order that any board or committee may be a success it is of course necessary that the members be well chosen and attend to the duties which they have undertaken. The consequences of the policy of self-perpetuation so often advocated by our medical friends are clearly set forth in an editorial in the *Philadelphia Medical Journal*, April 5, 1902.⁵

The Hospital Superintendent.

I have touched upon a few of the varied interests which are to be found in every large hospital; there are of course very many

5" Professor Vasilieff, a leading teacher in one of the Russian universities, makes a rather frank exposition in the St. Petersburgskie Viedomosti of the status of some of the professors in that country. He points out that the recent practice of appointing professors led to a lowering of the scientific standard, but neither is the method of electing free from evil. The trouble lies in partisanship by the aid of which an unworthy man gains the chair while an able applicant without 'pull' is frequently rejected. In a certain institution, the name of which is not mentioned, the chair of pharmacology is occupied by a pathologist and the chair of clinical medicine by a young and inexperienced man. It has become so that a man with a scientific reputation does not care to apply for a vacant chair for fear of being rejected in favor of an inferior opponent who has the good will of influential members of the faculty or the powers that be. Such a fate was met once by a well-known bacteriologist, a man of universal reputation and a pupil of Pasteur and Metchnikoff. The 'professors' who gain their positions through 'party pull' make all sorts of efforts to be popular with the students, and it has become so demoralizing that examinations are a mere farce, with the result that students graduate without being able to make an examination of a patient or prescribe a simple remedy. The choice of *privat docents* is attended with the same evil influences. A case is cited in which an utterly ignorant physician gained the position of *privat docent*, although the fact of his shortcomings was known to the faculty. This gentleman sent to one of the laboratories a specimen of feces to be tested for the Widal reaction and, when refused for obvious reasons, submitted the same specimen to another laboratory, and the affair nearly ended in a duel. This incident, however, could not outweigh the influence of two members of the faculty. Another *privat docent*, well known to Professor Vasilieff, has not the least conception of the examination of blood, stomach contents, urine, etc., not to mention diagnosis of cardiac lesions. The professor knows still another *privat docent* who discovered enormous cavities in the lungs of a healthy individual and when called in consultation three days later, announced that the cavities had nearly healed.

"It is to be remembered that in Russia the medical institutions are almost an exact reproduction of those in Germany, and we are sure that a German professor, were he to possess the proverbial Russian frankness and 'open-heartedness,' could tell similar tales. Far be it from us to cast reflection upon all the German and Russian medical institutions. Many of them fully deserve the high esteem in which they are held and stand as models worthy of imitation. What we wish to emphasize, however, is this: An institution ruled by partisanship is bound to degenerate, whether located in Germany, Russia, America or any other country; and, what is more, the beneficial effects of high standards are largely undermined by professorial favoritism. The moral is self-evident: We need a high standard, it is true, but we also need to uphold the system of choosing professors that puts the right man in the right place."

more which I have not mentioned. Now to reconcile these diverse elements one would naturally think that a man or woman must almost necessarily be chosen of skilled knowledge, with marked executive ability, with ceaseless energy, a warm heart, a wide knowledge of human nature and good health. Now what really happens? As Lord Melbourne said of the Order of the Garter, "There is no damned merit about it."

Amongst the hospital superintendents I know of, there are, besides a very few physicians, an ex-newspaper reporter, a ward boss, a china factory hand, various clerks and a still more varied assortment of clergymen. The clerks, who have possibly before occupied the position of hospital bookkeeper, are the only ones who can be said to have had any previous knowledge of the office or business routine of a hospital, and this after all is a point which is more easily acquired than any other. A good superintendent is of course sometimes evolved, but it is at the expense of the institution as well as of the individual. Some, taught in the dear school of experience, undoubtedly become first rate hospital superintendents:—I suppose on the principle that it is not advantages that make great men or women; but disadvantages:—and many certainly work hard and unselfishly. But surely if there was ever a calling which needed preliminary training and skilled administration, it is that of hospital superintendent.

Teachers are taught to teach, engineers are taught engineering, bridge builders to build bridges, preachers to preach, doctors to doctor, but to reconcile the innumerable and various elements in a large and busy hospital no previous knowledge seems to be thought necessary! Indeed, if a man has failed in other walks of life, or if a clergyman has neither the mental nor physical calibre to command success, he seems by some curious process of reasoning to be considered peculiarly fitted for such a position. In no business that I ever heard of in which the same amount of money is invested, is there so little skilled labor employed as in hospital administration. This acts and reacts in many ways, and renders institutional life in this country subject to many sudden upheavals and much friction. The patients complain, the physicians complain, the employees complain, in fact everybody complains, and the board puts on a worried air—as well it might—for there seems to be a certain amount of justice in all the complaints, and whilst nobody appears to be as

much in the wrong as asserted by the opposite party, still there is enough to perplex it very thoroughly. The superintendent either fails to control these matters at all, or else adds to the difficulty. Then, in order that the domestic complaints may be removed, a committee of ladies is sometimes appointed; they are not experts, often far from it, their only claim to knowledge being that of the "born housekeeper" which is sometimes supposed (erroneously, I think) to be inherent in every woman. The organization and management of institution households, however, having little in common with that of a few maids and no sick people, the management of details by visiting committees is often proved to be but an added discomfort.

Having once trusted a superintendent and found him or her wanting, the board of management is naturally chary of trusting his or her successor. In the first place they do not, as a rule, know where to look for a successor. Hospital superintendents are usually just men who happen along. It is not so much a distinct calling at present as a tentative occupation, usually applied for by a man who is "out of a job." If a large hospital with plenty of funds can afford to pay a good salary to a medical man who has talent for detail, and prefers administrative work to the more active practice of his profession, it seems to be the best solution. He has a fixed salary and usually does no outside practice, and thus the difficulties in the way of his independence which might apply to the outside practitioner, have not to be reckoned with. But he also has to learn how to take care of buildings, how to purchase supplies, obtain estimates and keep the whole intricate machine in good running order; and this costs the hospital money; for all large department stores will tell you that a good buyer is far more valuable than a good seller, and hospital buying is a business requiring a knowledge of the needs as well as of the goods required. He usually has a good steward, whom with the housekeeper, he trusts to purchase the household supplies. He often has a practical builder to attend to repairs, and a good office force. The details of the various departments, and the knowledge which the superintendent has of them of course depends upon the individual. This is an expensive way of running a hospital, but provided the best class of labor can be supplied in all departments it is an efficient one.

As a rule, if the superintendent shows himself faithful and just,

no important steps are taken without his advice. He is held responsible for everything in regard to the administration of the institution, and for the employment of proper persons to carry on the work of the various departments. This is as it should be. Unfortunately, hospitals so administered can be counted almost on the fingers of one hand. In one large hospital, according to the by-laws the superintendent is a member of the executive board, but I do not think this is general.

The question is sometimes asked, can a woman who is a trained nurse do this work? There is no reason why she should not. The reasons for and against lie within herself. In spite of the immense strides which women have made of late years in regard to public work, it is even yet, and even in this country, which Max O'Rell justly calls "a Paradise for women," undoubtedly more difficult for a woman to carry out executive work concerning large numbers of people than it is for a man, and perhaps it always will be; but to say that it is more difficult does not by any means say that it is impossible. As there are comparatively few medical men who desire such positions, or if they do desire them, possess the necessary qualifications, and as the newspaper reporter, the clergyman or the factory hand possesses no knowledge at all of hospital work or requirements, it would seem that a woman who had worked in the wards of a hospital, who had lived there day in and day out for at least six or more years, should certainly be of more use than these, and have less of the technical part to learn. Florence Nightingale says that "in all departments of life there is no apprenticeship except in the workshop" and it is certainly the most thorough and the best, and worth whole books of theory. It seems to me that if women were more willing to take up this work, many of the difficulties and much of the friction of hospital life might be avoided. If the visiting staff see that the superintendent is not only willing, but anxious that they should have not only the necessities, but all the luxuries or additions which make their work easier, that the hospital can possibly afford, and knows exactly what these requirements are, they feel naturally far more friendly towards the administration as a whole. For in many ways hospital keeping is but housekeeping on a larger scale.

It does not follow, however, that because a woman is a good nurse, or even a good superintendent of nurses, she is a good hospital

superintendent. The work is very different. The hospital superintendent represents the hospital, not only to the patients and their friends, but to the tradespeople, building contractors, the city government in the matter of Boards of Health and coroners' offices, and, in short, in all the varying phases in which this varied business touches the public weal. Decisions affecting varied interests and large numbers of people must often be made quickly. If it can be shown that a decision is narrow-minded, petty or errs in any particular, because unsuitable or too severe, the superintendent's judgment will naturally not be relied on in the future. It is absolutely necessary that, humanly speaking, no mistakes should be made. More especially does this apply if the superintendent be a woman, because as there are fewer women superintendents of busy hospitals, any errors are more closely watched for, any failure is a double failure. If the same mistake were made by a man, the public or the individual concerned would merely say "they have made a mistake in selecting their superintendent," but if a woman, not only the individual, but her sex is at fault. In Germany, Italy and France there are many instances of large executive powers being committed to women with signal success from a business and financial point of view.

There is one point especially where there is room for the right use of woman's influence in hospital work and that is the influence of women for what, for want of a better word, I must call purity. Unfortunately, I know, I suppose we all know, of more than one hospital, indeed, more than two or three, where this is still needed. It is an unfortunate fact that men in teaching institutions holding the rank of professors, will relate stories or indulge in coarse remarks, or even so clothe their instruction to undergraduate students, that their words necessarily make modest or clean-minded women exceedingly uncomfortable. It is also a fact that this is not always accidental; it is often quite obviously done for the purpose of making the nurses appear confused, or raising a laugh among the students and holding their attention. It is no part of a nurse's duty to put up with these things; there is no reason why nurses should not be as modest and delicately-minded as other women, and as far as my own experience goes, I have found them so. But it is not fair to send a young girl to the clinic of such a man and require her as a matter of obedience to tolerate this. But whilst I

feel sorry for the nurse, I regret it even more for the sake of the students. They hear the professor, sometimes a man of almost world-wide renown, relating these stories and making these unseemly jests. They think it is a manly and professional thing to do. Where teachers offend in this way, it is obvious that assistants will often follow suit. But even for the sake of holding the students' attention at lecture, is this a right thing to do? All young men have not good home influence to help them combat the effect of this loose way of talking and thinking. Many of them are drafted straight from college to positions as resident physicians in hospitals, where they make many mistakes of judgment as a result of this sort of teaching. That some "come out right in the end" is no argument in favor of it. Some do not. Surely the attitude of a teacher of such a profession—which should always be in fact the "noble profession of medicine"—should be somewhat different. Professor Keen, in an address at the Seventy-sixth Commencement of Jefferson Medical College in 1901, said: "When a young man has left his home and enters the Medical School, he comes under a different set of influences partly from his fellow-students, but chiefly from his teachers. He is moved by their example . . ." Then surely they should give of their best. It is not a pleasant task, but it is the manifest duty of every superintendent of a hospital, or superintendent of a training school, to see that the nurses at least are not subjected to this sort of thing. And the young men will also benefit, and some day, even though that day may be far off, they will be grateful. Those of us who bear the burden of responsible positions have to face many unpleasant duties, but we have got to remember that, as President Roosevelt says, "Whoever possesses power, is by the mere possession of that power made responsible for its right employment."

Medical Schools From the Patient's Point of View.

As a matter of fact in a properly administered hospital, medical schools are a protection to the patient rather than otherwise, for it usually means that the hospital is a very live one, and thoroughly up with the times. The patient is safe-guarded by public sentiment, which in this country is against overmuch experimentation. But this is true, as I have said, provided the hospital is carefully administered. That is to say, that although students are taught to work in the wards, proper consideration is had for the patients. Patients,

even pay patients in the wards, do not resent the doctor's describing their case as an interesting one; they are quite willing, as a general rule, to be lectured upon before a class of students, and allow students to examine chest or heart and so on, in moderation. A capable head nurse of the ward, will keep her eye on any case which may be in process of examination by the students, and a kindly word, saying that she is afraid the patient is tired now, and had better rest, I have never found resented.

In properly arranged ward classes one, two or three students are assigned to certain beds, and the patient is not examined by forty or fifty young men one after another, as seems to be the popular conception. If the patients are women, a nurse is, of course, always at the bedside of the patient whilst the students are there. In teaching hospitals, whether undergraduate or postgraduate, the supplies are generally more liberal than in non-teaching institutions, and I think that on the whole the patients are generally better nursed, for every one is kept up to the mark, including the professors. If the patients object to examination, I have always found that the students are perfectly willing to consider their feelings.

Inspection of, and Public Interest in Hospitals.

It would be a distinct advantage if frequent official inspection of all charities receiving subscriptions from the public were ordered by the State or municipal government. Whilst it is true that a hospital must possess a charter of incorporation in order to hold property as a body, this does not prevent many sorts of abuse. Every institution, whether it be a hospital, or any other charity, to which the general public is invited to subscribe, should be subject to this inspection at least once in three months, and if the inspectors are not satisfied with its condition, at least once every month. Institutions supported by the public are owned by the public, if the people would only realize it, and it is their duty as well as their privilege at least to see that these institutions do not become hotbeds of disease. Of course when the millenium comes no man or woman will become trustee of an undertaking for others without really trusteeing it. But as matters are at present, some sort of supervision is certainly necessary. To prove my contention, if it needs proof, I would again refer to the comments of the ex-Comptroller of New York in the book which I have already quoted. It would also appear to be for the

greater good of the greater number, if an act of total prohibition, or at least high license, was passed, regarding so-called private hospitals. By this is meant a house rented by a physician as a personal venture, to which he sends his own patients. You will say at once that "The reputation of the man who owns it is sufficient protection," but as a matter of fact, this is not so. In the first place he cannot prevent another man with a lesser reputation, or a shady one, from doing exactly the same thing. As a rule the patients in private hospitals are not by any means so well nursed or so well fed, as in the private rooms of a general hospital. The rates are often very high, and the friends of the patient often make every effort and stint themselves for years in order that the patient may receive treatment in the private hospital of some physician or surgeon, thinking, no doubt, that the article for which they pay so highly must be better in quality. It is true that there is greater privacy, but it must be remembered that it is not only in trusts that publicity is protection. It is often protection for the patient as well. It seems also rather *infra dig* for physicians who have already made big names for themselves to run this sort of a boarding house for gain. They may say that they can obtain better what they need in their own houses; but anyone who knows the running of a well-equipped hospital, the attention given and the supplies furnished members of the staff, will hardly consider this a valid reason. The only cases to which exception might be made are nervous or mental cases which sometimes require to be isolated from their friends, and kept exceedingly quiet for weeks at a time. More particularly should the practitioner who is not connected with any hospital, who has certain classes of practice, such as gynecological or obstetrical, be required to show very good reasons to the city authorities before starting a "private hospital," or taking patients into his own house. And this for his own sake, as well as theirs. In any case the licensing of such houses, and an arrangement by which although having the use of the house as required, the physician would have no direct monetary interest except in the fees paid for professional services, would be a distinct advancement.

In conclusion, before any more definite information can be given concerning the detailed arrangement and expense of hospitals in this country, it is necessary that a uniform system of accounts be established which shall be regularly audited by a certified accountant, and

that a certain definite amount of information derived from figures resting on a definite basis, be forthcoming from all institutions soliciting money from the public, as well as those receiving State aid. As I have pointed out, a bed day which varies in length from four hours to twenty-four, is of no use. It is indeed so misleading as to be *reductio ad absurdum* in some cases.

It seems as if there should be some check on the unnecessary multiplication of charities. At one time the supply of orphans in New York gave out, to the dismay of those who were engaged in founding new asylums and liked to see their names on the front pages of reports. Hospitals in these big cities are nearly, if not quite in the same case. Some day an organization of these charities will surely be required. For instance, it hardly seems necessary, where all hospitals admit their patients without distinction of color or creed, and allow the pastors of various denominations to visit their sick without let or hindrance, that each separate denomination should multiply machinery and salaries, simply for the sake of calling a hospital by a denominational name. These hospitals are sometimes well supported by the rich members of the congregation, but they often suffer from many of the worst features I have described, and others which I have not.

State Aid.

It is difficult to advise the total abolition of State aid for charities, even semi-private ones. The public, particularly the working element which mainly depends upon these institutions for help in time of sickness, has not learnt to support them; and many of these institutions do a very useful work. The knowledge that they receive any aid from the State, however, takes away from the general masses of the people the feeling of responsibility for their support. And perhaps this may be the reason that neither the working man nor the large employer of labor in mills, factories, etc., supports hospitals to the same extent as obtains in Great Britain, where the hospital system is purely voluntary (excepting, of course, poor-law infirmaries). The subscriptions received at street corners and in public buildings, on hospital Saturday and Sunday alone, amounted in 1898 at Wolverhampton, a comparatively small manufacturing town in England, to £36.28 per 1,000 of the population and in Liverpool to

£23.16.⁸ Contributions from work people are often entered separately, and in the Bristol General Hospital where this is the custom, amounted to £1,727 for the year above mentioned. The economy of organization amongst charities is shown by the Organized Hebrew Charities of Philadelphia, which in its first year not only showed all its charities in a flourishing condition (many of which had previously languished), but a gain of over \$26,000 in subscriptions.

In San Francisco the Merchants Association has formed a joint committee with the Associated Charities, and created a "Charities Endorsement Committee." A brief report of this body and its functions appears in *Charities*, page 480, year 1902, and which says that the people of the city will be asked to give only to those charities endorsed by this committee after investigation. It also states that the charities themselves are almost unanimously in favor of the plan. The report continues:

Cleveland has an almost similar arrangement, effected more than a year ago. In this instance, however, the initiative was taken by the Chamber of Commerce which appointed a "Committee on Benevolent Associations." All charitable organizations which solicit from the public were at that time requested to fill out a blank giving the essential facts concerning the society and its administration in order that an intelligent opinion of its work and financial methods might be formed. . . . As a result the business men of the city have come to depend very largely in making their contributions to charitable effort upon the certificate of endorsement issued by the Committee on Benevolent Associations.

The value of all this must, however, depend on the accuracy of the reports.

Let me say, finally, that the foregoing facts and suggested remedies (where it has been possible to suggest any) do not apply to country hospitals, or country districts, or country physicians, where the relation of the physician to the community and the hospital to both, is necessarily different. These no doubt have their own trials, but they are not those of the great cities. And for this they may be duly thankful!

It has also been impossible in the space allotted me, to treat all the foregoing questions from the point of view of all the interests involved. Many have been ignored. But if what has been most inadequately said serves to show that the interests of good hospital

⁸ *Burdett's Hospitals and Charities*, 1900, page 224

administration are those of the community as a whole rather than any particular section of it, and that even the "man in the street" has a stake in it and therefore a responsibility to discharge if frank comment makes for better and more careful work from all of us, as it should do, the utmost hoped for will be attained.

MAUD BANFIELD.

Polyclinic Hospital, Philadelphia.

THE PRESENT STREET RAILWAY SITUATION IN CHICAGO

The street railway mileage of Chicago is greater than that of any other municipality. Exclusive of interurban lines it now has more than nine hundred miles of single track. The several railways were constructed by many independent companies, but, save some suburban lines, are now practically all owned or controlled by two corporations, viz. the Chicago City Railway Company and the Chicago Union Traction Company. These two companies have almost complete control of the lines entering the heart of the city, the one those on the south side, the other those on the north and west sides. The former of these controls practically all the railway mileage on the south side save the suburban lines which are operated by a number of independent companies. The West Chicago Street Railroad Company, with its two underlying companies, the Chicago West Division Railway Company and the Chicago Passenger Railway Company, controls the lines on the west side entering the business district. On the north side is the North Chicago Street Railroad Company and its underlying company, the North Chicago City Railway Company. The West Chicago and the North Chicago Street Railroad companies together with the Consolidated Traction Company, organized in 1899 to take over a number of branch lines acting as feeders for these, are the underlying companies of the Chicago Union Traction Company. Though the three systems are now owned and controlled by the Union Traction Company, so far as fares are concerned they have been operated independently. A five-cent fare is collected and in some instances transfers have not been given from one line to another operated by the same underlying company in spite of stipulations contained in the franchise grants.

This situation has recently given rise to a great deal of dissatisfaction and to considerable trouble. The city council by ordinance has required the issue of transfers good for continuous passage upon all lines owned and operated by a street railway corporation. This the Union Traction Company refused to do until recently, when active measures were taken to enforce the ordinance. Several hundred suits have been instituted against it for refusing to issue transfers when demanded, with the result that a second fare is not col-

lected, pending the decision of the courts on the legality of the ordinance.

But the payment of two fares to go from one "side" of the city to the other, to reach the business district from the outlying sections of the city on the west and north sides, or in many cases to go a short distance on cross-town lines, is but one of the evils of the present situation. For some years, pending franchise renewals, both the Chicago City Railway Company and the Chicago Union Traction Company have permitted their equipment to deteriorate, the number of cars run is inadequate and the running of cable cars in trains instead of singly makes long waits necessary.

Of the seven hundred miles of single track operated by the Chicago City Railway and the Chicago Union Traction companies, eighty-two miles are operated by cable, ten by horse power, and the remainder by overhead trolley. The underground trolley has been given but one trial, and then, as probably intended by the financier who gave it, it proved to be a failure. In the business district most of the lines are operated by cable. The use of the overhead trolley is forbidden, so it is necessary to draw the electric cars by horses or to carry them on the cable lines as trailers. The terminals in the business district give rise to great congestion of traffic. The cables are already over-taxed and their capacity is not sufficient to operate as many cars as are necessary for good service. Recently an effort was made to secure temporary relief by permitting the use of the overhead trolley, but it came to naught because of the inability of the Mayor and the officers of the railway companies to agree on the routes to be used. With an inadequate number of cars, with the long cable trains often carrying electric cars as trailers, with the terminals in the business district of the city, with no transfers from one side of the city to another and unsatisfactory transfer privileges from one line to another owned by the Union Traction Company, there is no other large city in the United States with a street railway service so poor and so inadequate as that of Chicago.

The franchises of the important "trunk lines" operated by the two corporations mentioned above are generally supposed to expire in 1903. In the renewal of these franchises on such terms as will be fair to all and as will secure good transportation service for the public the city council must find a solution for what is perhaps the

most important and most perplexing franchise problem yet considered by an American municipal legislative body.

The first horse railways in Chicago were constructed in the late fifties. Though the duration of the franchises for some of these roads was not specified, it was usually fixed at twenty-five years. By 1865 what are now some of the most important trunk lines had been constructed. In that year the general assembly changed the periods for which all the local railway franchises had been granted to ninety-nine years. This was done in spite of a very hostile public opinion and over the veto of the governor. The measure was not submitted for the approval of the city council or the electors. The feeling aroused was so intense that in the constitution of 1870 a clause was inserted depriving the general assembly of the power to grant franchises for street railways without the approval of the municipal legislative body. In 1874 the legislature passed the "Horse and Dummy Act," limiting franchises to be granted to twenty years. Since that time all street railway franchises in Chicago have been granted for that or for a shorter period.

In 1883 the period for which the city council had granted the franchises for some of the earlier roads expired. The validity of the ninety-nine-year act was then questioned. The matter was taken to the courts but never reached final decision. The corporation counsel gave it as his opinion, and this opinion was concurred in by the city attorney, that the act was valid. The city administration and the corporations were both desirous of a compromise. Finally an agreement was arrived at whereby in return for an extension of all their franchises for twenty years from July 30, 1883, the street railway companies were to pay an annual license tax of \$50 per car together with half the amount become delinquent since 1878 when the ordinance levying the tax had been passed. The contest over the ninety-nine-year act ceased and it was expressly stipulated in the agreement entered into that the merits of the case should not be involved. Some of the franchises granted since 1883 have been timed so that they will expire in 1903 or soon thereafter. Thus it happens that most of the franchises for the more important street railways, perhaps, will expire in 1903, though some do not expire till as late as 1916.

As will be seen later, for some years the most valuable asset of the larger street railway corporations has been their franchises. To secure this asset against depreciation as the franchises neared expira-

tion and to enable them to borrow money to convert the cable roads into electric lines and otherwise to improve their property, these corporations, in 1897, attempted to secure legislation very favorable to their interests. Bills were introduced in the general assembly and supported by them, creating a state commission upon which most of the powers of the local government, in so far as they relate to street railways, should devolve, extending the franchises for fifty years from 1897 and retaining a five-cent fare with a payment of a small tax of 3 per cent of gross receipts. The opposition aroused was so intense, however, that these "Humphrey bills" were defeated. But their essential provisions, save the one creating a state commission, were later embodied in a measure which was passed and became familiarly known as the "Allen law." This law was very similar to the notorious one passed by the legislature of Ohio in 1890, and was based on it. But this enabling legislation availed the corporations nothing. The mayor and the majority of every city council since that time have been pledged to defeat all such measures. At the next general election most of the members of the general assembly who had voted for the odious measure failed to be returned, and the next session witnessed its repeal without a dissenting vote. Since that time the attitude of the local government has been so decidedly opposed to granting any favors to the "traction interests" that none has been asked. Only recently have the Chicago City Railway and Union Traction companies expressed a willingness to confer with the council in regard to franchise renewals. All efforts to secure their co-operation in the matter were without avail till the council resolved that if by the fifteenth of June, they did not express a willingness to confer with it, they would be shown no preference in franchise legislation and that offers from outside capitalists should be advertised for. This resolution resulted in promises of the co-operation desired, though the president of the Union Traction Company in his letter to the council serves notice that, preliminary to arriving at an agreement as to the terms on which franchise renewals should be made, under no circumstances will any rights possessed under the ninety-nine-year act be waived. Some months ago some stockholders of this company appealed to the United States Courts and asked that an injunction be issued restraining the city council from declaring its franchises forfeited. The Court has recently refused to issue the injunction for reasons not involving

an opinion on the validity of the act referred to. For the present the "traction interests" have failed to secure a decision of such a nature as to put them in a position to secure a favorable compromise from the city. Nevertheless it is probable that the rights possessed by the traction companies under this act will have much to do with the final solution of the franchise problem. This fact warrants further consideration of the controversy as to its legality.

Under this act the street railway corporations claim that the franchises for lines constructed or for which authority to construct had been secured before it went into effect, do not expire till 1957. Indeed the claim has been made that the act applies to some extensions made more recently. While the merits of the case have not been entered into sufficiently to satisfy the recent Street Railway Commission which desired further investigation of the subject, the representatives of the city at two different times have given the matter consideration.

Of the forty-two franchises granted prior to the passing of the so-called ninety-nine-year act of February 6, 1865, four provided for the right of city purchase of the lines constructed upon the expiration of the twenty-five year periods for which they were granted. In 1883 it was asserted that the ninety-nine-year act was null and void because it deprived the city of this valuable property right. On the other hand, it was asserted that the city council could not make a valid agreement with a corporation providing for municipal ownership without explicit authorization by the general assembly, and such authorization had not been granted. For this and for other reasons which need not concern us now Corporation Counsel Adams gave it as his opinion that the ordinance in so far as it related to municipal ownership of street railways was not valid, and that the ninety-nine-year act did not deprive the city of any property right, and was therefore legal.

This act was discussed at some length by the Chicago Street Railway Commission in its report made in 1898. This "Harlan Commission," so called, was appointed by the city council to investigate and report on the franchises under which the several street railway companies operated their lines, the operations, liabilities and profits of these corporations, and the scale of wages and conditions of employment as found.

In so far as relates to rights possessed under the ninety-nine-

year act the commission took a very roseate view of the situation. It was not sure but that the city had power to purchase railways as a matter of public policy without specific enabling legislation. And, whether or not the city had power in 1865 to acquire such property, it might have secured enabling legislation at any time before the expiration of the franchises in 1883. In any case, whether the city's right was an absolute or only a dependent one it was a right of value, and the commission was of the opinion that the ninety-nine-year act was null and void because it was an infringement of it. In the other cases where no provision for city purchase was made, it was of the opinion that the right to alter the terms of the franchises at any time when their duration was not fixed or at the end of the period stipulated, was a right of great value, and that for the reason given above, the law was here also null and void. Furthermore, the early ordinances provided for "horse traction" only, and the commission held that even if the ninety-nine-year act was legal, it authorized operation of cars by horse power only and is, therefore, at present when practically all lines are equipped for cable or electric traction, quite worthless. This depends, of course, on what the city has done in authorizing the use of some other form of traction. During the eighties cable power was introduced and during the nineties most of the roads still operated as horse railways were gradually converted into overhead electric lines. But the commission finds upon investigating the ordinances authorizing these changes that "some of the permits are already subject to revocation by the city at will, and the balance will, on or before July 30, 1903 (or possibly in the case of two or three lines on the South side, on July 16, 1904) expire or become subject to such revocation by the city."

Thus, according to the "Harlan Commission," the ninety-nine-year act cannot complicate the situation in 1903. But it is doubtful if some of the opinions noted above are in harmony with the laws of Illinois as interpreted by the courts. It is possible and even probable that most of the claims made by the traction companies will be upheld when the situation becomes such that the courts will pass on their validity. In at least one instance (*People ex rel. Storey v. Chicago City Railway Company*, 73 Ill. 544) a case has been decided by the Supreme Court of Illinois in accordance with the provisions of a section of the act of February 6, 1865, but as the constitutionality of that act was not contested it throws little or no light on what

the view of that body would be. As has been pointed out by an anonymous writer in the *Economist* in a series of papers on "Rights Under the Ninety-Nine-Year Act" (January 11, 1902, et seq.) if the courts should uphold the claims of the traction companies they could operate their systems in a badly crippled manner without franchise renewals and could make it almost impossible for any other company to operate within the business district. Such a decision would place the street railway companies in an advantageous position for bargaining with the city council.

When we turn to the "financial operations, liabilities and profits" of the street railway companies we find an interesting story. On these points the "Harlan Commission" made a valuable report. But because of the refusal of the officials of these companies to assist with the investigation in any way, the information secured was in some respects incomplete and of uncertain value. But more recently the Civic Federation has been able to secure much of the information desired by the public.

In 1899 Mr. Yerkes offered the Civic Federation the privilege of examining the books of the corporations which he controlled. The offer was accepted and an accountant employed to make the examination under the supervision of a committee of the Federation. Later a similar offer was made by the President of the Chicago City Railway Company, and likewise accepted. As a result we have the unique report edited by Dr. Maltbie and published in *Municipal Affairs*, June, 1901. In that number will be found the report made by the accountant, together with Dr. Maltbie's careful analysis of the same.

The investigation was of the Chicago City Railway Company and five of the six companies now underlying and controlled by the Union Traction Company, viz., the North Chicago City Railway Company, the North Chicago Street Railroad Company, the Chicago Passenger Railway Company, the Chicago West Division Railway Company and the West Chicago Street Railway Company. On July 1, 1901, these seven corporations (including the Union Traction Company) had some five hundred and fifteen miles of single track. At that time the face value of their liabilities was \$117,814,-289.73. The market value of these liabilities, excluding those stocks and bonds of the underlying companies held by the Union Traction Company, was \$120,235,537.73. The total cost of all the assets

other than the franchises, including the evidences of debt of one corporation held by another, was \$56,013,500.48. The estimated present value of these assets is \$45,841,488.76. The actual cost of the plants owned by these seven corporations was \$33,610,067.77. The present value of these plants is estimated at \$24,600,000. Consequently the water in the evidences of debt is \$61,800,789.25 if measured by the difference between the original cost of assets as given above and the face value of present liabilities. If measured by the difference between the present value of these assets and the face value of the liabilities, the amount of water is \$71,972,800.97. If the present value of the franchises is measured by the difference between present value of all other assets and the market value of the liabilities, it is found to be \$74,394,048.97. To the city the franchises are worth much more than this for the market value of the stocks and bonds is now low because of the short time some of the franchises have to run.

The water in the stock has come about through (1) failure to write off an adequate amount for depreciation, (2) the payment of dividends in stock, and (3) the giving of large bonuses to stockholders. None of the companies has written off an adequate amount for depreciation. The Chicago City Railway Company has made one dividend of stock amounting to \$250,000. Since 1881 it has issued all stock to stockholders at par when it has sold as high as 277 immediately after being issued. The other companies have also made stock dividends, issued valuable stock to stockholders at par, and paid construction companies, organized by large stockholders, exorbitant prices for construction and conversion of lines.

The Chicago City Railway Company declared a 10 per cent dividend in 1882, and has paid an annual dividend of 12 per cent since that time—and in 1893 it was double that amount. Adding these, the extra dividends and the premiums on stock and bond issues, the total dividends paid between January 1, 1882, and January 1, 1898, were \$37,602,187.50, or an average of 44.63 per cent per annum. Computing the dividends for the last three years in the same way they are found to be 26 3-4 per cent, 17 6-13 per cent, and 48 1-3 per cent respectively. The Union Traction Company, organized in 1899, has paid small dividends. This is explained, however, by the large dividends guaranteed on the stock of the underlying companies. The North Chicago City Railway Company was taken over by the North Chicago Street Railroad Company in 1886, with a guarantee

of dividends, bonuses, etc., which, taken together, amount to more than 40 per cent upon the capital stock of the old company. The North Chicago Street Railroad Company, from 1893 to 1897, paid dividends averaging 25.24 per cent per annum. In 1888 the Chicago Passenger Railway Company entered into an operating agreement with the West Chicago Street Railroad Company and was guaranteed 5 per cent dividends on its stock. The Chicago West Division Railway Company in 1887, had made a similar agreement. As in the other cases its indebtedness was assumed and it was guaranteed 35 per cent dividends on its stock. The West Chicago Street Railroad Company has paid dividends of from 5 to 9 per cent since it was organized in 1887.

It is not necessary to enter into details as to what compensation the street railway corporations could have afforded to pay for the privileges enjoyed by them. Suffice it to say, Dr. Maltbie finds that with the present traffic, were the water squeezed out of the debts of the seven corporations investigated, "they could pay 20 per cent of gross income to the city and still declare 6 per cent dividends while accumulating a depreciation fund of 4 per cent annually," or "fares could be reduced to four cents, and 6 per cent dividends and 4 per cent depreciation set aside." It must be added, however, that these conclusions must be very materially revised because of the burden of greatly increased taxes recently imposed on the traction companies. But squeezing all the water out would be a heroic measure when it is equal to all the capital stock and a part of the bonds. Possibly the city will be in position to do this in 1903. But what will probably be the policy of the city council in extending or otherwise disposing of the franchises?

In December, 1899, the council appointed a Street Railway Commission to outline the policy which the city should adopt in solving the street railway problem and to draft the necessary laws and ordinances for carrying out the same. This Commission has been continued from year to year in spite of the fact that there is little except of an educational nature it has been able to do and in spite of the opposition of the mayor. It has been made a regular council committee and at the present time, in addition to the functions performed by the special commission, attends to those matters of local transportation formerly referred to the committees on streets and alleys of the three divisions of the city.

At the time of its creation it was made the duty of this Commission to consider the feasibility of municipal ownership, the kind of service desirable, and the conditions on which franchises should be renewed. Later it was directed to report on the rights of the traction companies under the act of February 6, 1865, and on the feasibility of a system of subways within the business district.

Without expert assistance the Commission, now the Committee on Local Transportation, has felt itself unable to pass on the merits of claims under the ninety-nine-year act, or to give more than a tentative opinion that a system of subways should be adopted. Until recently there was apparently little utility in investigating the matter of subways because of the depleted condition of the municipal treasury and of the seeming lack of interest in the matter among capitalists. The city's debt exceeds the limit set by the state constitution of 1870, and for years it has been difficult to meet necessary current expenses. But recently it has been proposed that the city should build a system of subways by assessing the cost partly to the owners of benefited property and partly to the city which could issue "judgment bonds" therefor, or from funds obtained from the sale of bonds secured by the subway only, and not by a pledge of the city's credit. Both methods are advanced as meeting the requirements of the state constitution. But it is very doubtful if either method would meet with the approval of the courts, and the security for the debt would be so unsatisfactory to investors that it would not be expedient to adopt either plan. Prominent local capitalists have recently asked for a franchise to construct a system of subways. They offer to sell the subway at the expiration of the fifteen-year franchise asked for, or at the expiration of any ten-year period thereafter, to the city at cost of construction plus 10 per cent. They agree to pay from 3 to 5 per cent of the gross earnings as compensation for the franchise and to pay all judgments for damages allowed for injuries sustained from the construction of the subways. The engineer recently employed as expert to investigate and report on all matters pertaining to the street railway situation, will report on the feasibility of subways, and the Committee on Local Transportation has planned to investigate those now in operation in New York and Boston. It is probable that within a few years subways will be constructed and all surface railway lines removed from the business district.

The Street Railway Commission and the Committee on Local Transportation have outlined their policy in regard to franchise renewals in a report made in December, 1900, and in "outlines of a street railway renewal ordinance" presented to the council December 16, 1901. The necessity of improved service is made emphatic. Some other form of traction must be substituted for the antiquated cable, the underground trolley should be used in the more central parts of the city, joint use of tracks must be made by independent companies in the business district and the subways must be used if constructed. Control of the details of service should be vested in a committee of the council or a new department of the city administration. This control should extend to the manner of operating cars, the kind of cars to be used, schedules, use of terminals, and such other matters as may require attention. A five-cent single fare and six tickets for a quarter, with a general system of transfers, is recommended. Because of the financial straits of the city, compensation in the form of a percentage of gross receipts is preferred, for several years at any rate, to a general reduction of fares. But compensation for franchises is a matter of secondary importance, and its amount should be decided after all details of service have been agreed on. In addition to the payment of a percentage of gross receipts, it is recommended that the street railway companies should continue to pave and sprinkle the part of the streets occupied by their tracks and should lower the tunnels under the river which now are seriously interfering with navigation. Annual reports should be made to the council, and the affairs of the street railway companies "should be open and known to the public to the same extent as if the business were managed by the public directly." Over-capitalization must be forbidden. Franchises should be limited to twenty years, the city retaining the right upon six months' notice to purchase the tangible property at any time after ten years, at its market value, plus 5 per cent for the enforced sale. All claims under the ninety-nine-year act must be waived upon the acceptance of a new franchise.

In order that the present service may not be continued longer than is necessary, the Commission has always recommended an early settlement of the franchise question, even at the sacrifice of an opportunity to secure municipal ownership. In its report, made in 1900, the Commission recommended that the city should "at the earliest

practicable time . . . acquire ownership of trackage and of whatever may form a part of the public street, without going to the extent of ownership and operation of rolling stock." But it has always regarded municipal ownership as a question of not pressing importance which the future could decide. A bill to serve as enabling legislation in franchise renewals was presented by it to the last general assembly, but for a number of reasons, some of which perhaps are best known to Chicago politicians, the measure was never reported from the committee to which it was referred. This bill provided for the possibility of municipal ownership, but when it failed to become law, the Commission recommended that franchises should be extended as soon as the necessary data were at hand and an agreement with the street railway companies could be arrived at, and that the question of municipal ownership should be left to be decided at some future time when the necessary enabling legislation could be secured from the general assembly.

Though the Committee on Local Transportation has received the support of the civic and other organizations among business men, its recommendations have met with considerable opposition. There has been some agitation, coming largely from the labor organizations, for a three-cent fare, but it has been quite eclipsed by the movement in favor of municipal ownership. The mayor regards himself as the apostle of municipal ownership, and it is from him that most of the opposition has come. Because of his right of veto and his strength as a party and popular leader, no settlement of the franchise problem can be made unless it meets with his approval. He has taken the position that no franchise renewals shall be made until the general assembly passes an enabling act making municipal ownership legally possible, and that then any franchise renewal ordinance must be referred to the electorate and receive its approval before being finally passed on by the city council. The council has placed itself on record as favoring this use of the referendum. The voters of the city, also, have placed themselves on record with regard to municipal ownership in such a manner as to cause general acquiescence in the mayor's policy of waiting in order that the possibility of securing municipal ownership may not be endangered.

At the aldermanic election held the first Tuesday in April of this year, the questions of municipal ownership of street railways and lighting plants, and of the direct primary were submitted to the

electorate and a large majority registered itself as favoring them all. Of the 213,859 voting in the aldermanic contests, 170,824 voted on the proposition for municipal ownership of street railways. Of these 142,820, or 84 per cent, voted in favor of such a policy. On the surface both the large vote and the large majority in favor of municipal ownership are surprising. But perhaps in voting for municipal ownership of street railways the 142,826 of a total of almost three times that many registered voters, did little more than record their dissatisfaction with the present situation and their will that the city council when renewing the franchises soon to expire shall serve the interests of the public, reserving adequate powers of control and the right of ownership when it may become possible and expedient. The city could not pay for the street railways out of current income or by incurring a larger debt if it were authorized to purchase them; some of the franchises held by the street railway companies will be of such value for some years that the city must wait for them to expire; and the city's civil service is as yet too inefficient to be charged with such a trust were the city legally and financially able to obtain control of them. Under the circumstances the proposition for "ownership by the city of Chicago of all street railways within the corporate limits of such city" appealed favorably to several classes of voters. No one was able to give accurate expression to his wishes. The proposition was approved by those who desire ownership with operation by lessees as well as by those who favor municipal ownership with operation by public employees. There were among those voting in the affirmative some enthusiasts who want municipal ownership at once or in the very near future; there were many who regard it as a solution to be applied at some indefinite time in the future; while finally there were those who wish the city to be in a position to acquire the street railway properties as a last resort when the policy of regulation shall have been definitely proved to be unsatisfactory. But all agree in serving notice on the general assembly, the city council and the street railway corporations that the inadequate transportation service, the inefficient management, the corruption and disregard of public interests, obtaining in the past must not continue in the future.

The franchise problem will not be settled till after the session of the general assembly to be held in 1903, when enabling legislation for franchise renewals will be sought. While such legislation was

refused by the last general assembly it should not be refused by the next. For some reason the incumbent of the mayor's chair in 1901 did nothing to secure the legislation desired by the council over which he presided as chairman. In 1903 he will have been elected for the fourth time as "rescuer of the public streets," and his efforts doubtless will be directed to securing the desired legislation. With all parts of the city administration working as a unit, with the officers of the street railway corporations made wiser by past experiences, and with the results of the recent municipal election before them, there seems to be no reason why even those sent to the legislature as representatives of candidates for the United States senatorship should hesitate to pass an acceptable franchise renewal bill to serve as enabling legislation.

But the franchise problem is far from a settlement. The recommendations of the Committee on Local Transportation are tentative. An expert engineer has been appointed to investigate and report on all details relating to the present service and the conditions on which franchises should be extended, and as he is exceptionally well fitted for the task, his recommendations should have great weight. When his report is made next September the city council will begin in earnest the double-handed fight against those who want the impossible on the one hand and against the corporations which have so much to make or to lose on the other. If the demands made are too urgent the corporations will doubtless make the most of any rights they may be found to have under the ninety-nine-year act of February 6, 1865. The outcome of the bargain finally made is very uncertain. However, if the situation is not complicated by rights under the ninety-nine-year act, some of its features can be forecasted with a fair degree of certainty. The situation is such that franchise extensions must be awarded to the corporations now in possession of the streets. The period for which they will be extended will be short and the right of purchase after a comparatively short term of years will be reserved. Good service will be required, and the right of control reserved will be greater than that ever exercised with authority by Chicago over private corporations. With the great expenditures involved in improving the service, and the short period for which franchises will be granted, large payments of gross receipts as compensation or a considerable reduction of fares cannot be expected.

II. A. MILLIS.

POLITICAL AND MUNICIPAL LEGISLATION IN 1901

Constitutions.—A new constitution has been adopted by Alabama, and at the close of 1901 constitutional conventions were in session in Virginia and Connecticut. After many years of agitation the question of revision of the Connecticut constitution was submitted to the voters. Great inequality in representation was the evil most complained of, but as the legislature provided for a convention based on representation even more unequal than that composing the present legislature, it was hardly to be expected that the existing inequality would be corrected. The present constitution, adopted in 1818, provides a fixed apportionment of representation, each town having not more than two nor less than one representative. With the redistribution of population accompanying the industrial development of the present century this fixed apportionment became grossly unequal. At present the thirteen cities of the state containing over one-half of the total population have but one-tenth of the number of representatives in the lower house, only twenty-six of the 252 representatives being from these cities. This inequality is even more clearly shown from the fact that the town of Union, with but 428 inhabitants, is entitled to as many representatives as New Haven, the largest city in the state, having a population of 108,000.

The new constitution of Alabama exhibits the marked increase in bulk common to all recent constitutions, being about twice as long as the previous one of 1875. The New York constitution of 1894 is three and a half times as long as the previous constitution of 1846. The new Alabama constitution makes numerous incursions into the proper field for legislative regulation, substitutes quadrennial for biennial sessions, and imposes many important restrictions on the power of the legislature, particularly in regard to special legislation. Though prohibiting special legislation on the part of the legislature, the new constitution itself contains special legislation of the most pronounced type. This is especially true of the sections regulating local taxation and indebtedness. In a constitution so detailed in many parts there will doubtless be frequent need for amendments. In most of these the voters have no interest and can not be expected to vote on them intelligently, yet each amendment will have to receive a three-fifths vote of the legislature and a majority of all the electors

voting at the election. There is need for some delimitation of the proper sphere for constitutional regulation and a strong public opinion that will hold constitution-makers to their proper function.

Constitutional Amendments.—The Pennsylvania legislature of 1899 passed two resolutions proposing amendments to the state constitution. Governor Stone construed the provision of the state constitution providing that every order, resolution or vote, to which the concurrence of both houses may be necessary, shall be presented to the governor for approval, as giving him the right to veto the proposed constitutional amendments. The state Supreme Court, however, has decided that this provision refers merely to ordinary legislation, and has no reference to the action the two houses may take in performing their part of the work of creating amendments. This is the construction that has been placed on similar provisions in the constitutions of other states.¹

To facilitate voting on constitutional amendments, Nebraska² has provided that if the state convention of a political party declares for or against a proposed constitutional amendment such declaration shall be considered a portion of the party ticket. A straight vote for the ticket will then count as a vote for or against the amendment. In Nebraska, as in a number of other states, not only simply a majority of those voting on amendments is required, but a majority of all the votes cast at the election. Many voters favoring an amendment neglect to vote on it, so that amendments often fail even though there be little opposition to them. By making the amendment a portion of the party ticket this difficulty will be obviated.

*State Boards and Commissions.*³—For about twenty years the movement toward the multiplication of state boards and commissions has been very strong. With the demand for state supervision or aid in each new matter a new board or officer has been created. That this movement is still in progress is shown by the fact that during 1901 at least forty new boards and officers were created by the various legislatures. Accompanying this movement, however, a movement toward the consolidation of boards and officers has been developed during the past few years. Centralized boards of control

¹ Commonwealth vs. Griest, 196 Pa. 396.

² Nebraska, 1901, ch. 29.

³ See C. E. Merriam, *State Government*, in *Review of Legislation*, 1901, p. 15, New York State Library Legislation Bulletin, No. 16.

of state institutions have been created in a number of states, and during 1901 in New York the Forest preserve board was combined with the Forest, Fish and Game commissions,⁴ and the functions of the commissioner of labor statistics, factory inspector, and board of mediation and arbitration consolidated under a commissioner of labor.⁵

Uniform Legislation.—California⁶ has repealed its act creating a commission to promote uniform legislation, and Pennsylvania⁷ has just created a commission, consisting of three members, appointed by the governor for a term of four years. The Uniform Negotiable Instruments Law, approved in 1896 by the National Conference of State Commissioners on Uniform Legislation, was adopted in 1901 by Pennsylvania,⁸ making in all sixteen states that have adopted the act. A Code Commission in Arizona adopted the act and submitted it to the legislature of 1901 as part of the new code, but the legislature saw fit to revise it, thus thwarting the attempt at uniformity.

The need of more uniform laws is being felt more and more each year. Differences in mere matters of detail and forms of procedure are the most frequent causes of annoyance and injustice. While it can not be expected that states very differently situated will be able to agree on controverted questions of public policy, there is no excuse for diversity in matters of detail and procedure in which uniformity would be advantageous. Many national conferences, meeting during the past year, have adopted resolutions urging greater uniformity in the legislation affecting the subjects in which they are interested. The National Association of State Librarians adopted resolutions favoring greater uniformity in the preparation and publication of the session laws. The tax conference of the National Civic Federation, held at Buffalo, took steps to bring about uniformity and interstate comity in tax laws. The one point of agreement in testimony before the United States Industrial Commission in regard to labor, transportation, corporations, mining, and agriculture, was the demand for uniform legislation.

⁴ New York, 1901, ch. 94.

⁵ New York, 1901, ch. 9.

⁶ California, 1897, ch. 8.

⁷ Pennsylvania, 1901, ch. 101.

⁸ Pennsylvania, 1901, ch. 162.

Publication of Session Laws.—The Michigan constitution,⁹ adopted in 1850, provides that every newspaper in the state which shall publish all the general laws of any session within forty days of their passage shall be entitled to receive a sum not exceeding \$15 therefor. Conditions in the state have so changed that at present only in case of a special session, can the laws be published at a profit for the amount prescribed in the constitution. The state, however, held a number of special sessions during 1898 to 1900, and the amount required to pay for the publication of the laws was a considerable item. The legislation of 1901, therefore, submitted to vote in 1902 a constitutional amendment, abolishing payment for publishing the laws in the newspapers.¹⁰ Several states still continue the very expensive plan of publishing session laws in newspapers. In New York the acts are published in two newspapers in each county. This is an enormously extravagant and totally inadequate method of securing prompt publication. Very few people ever think of reading or preserving these interminable columns, and the system has to recommend it little except the large amounts of public money which it puts into the pockets of publishers of active party organs. One-half the money wisely spent might accomplish vastly better results. The demand for prompt publication is satisfied by the method employed in New York, Connecticut, Massachusetts, Nevada, New Jersey, Ohio and Wyoming, of issuing the laws in separate or unbound form as fast as they are signed by the governor. The European states generally issue their laws in separate or unbound form as soon as signed and printed, and consequently an American can examine current German and Austrian laws much sooner than those of neighboring states, or, in some cases, even of his own state.

Veto Power.—In the revision of the Pennsylvania constitution of 1873 a provision was inserted empowering the governor to veto specific items in appropriation bills. The governors of Pennsylvania have construed this provision at various times as giving them power not only to veto specific items but also to veto a part of a specific item. Until the past year, however, this construction has been considered very doubtful, and only used in exceptional cases. In 1899 the legislature, in its general appropriation bill,¹¹ appropri-

⁹ Constitution, Art. 4, Sec. 35.

¹⁰ Michigan, 1901, p. 389.

¹¹ Pennsylvania, 1899, ch. 320, Sec. 8.

ated \$11,000,000 for public schools, and Governor Stone vetoed \$1,000,000 of this appropriation. The Supreme Court, in its decision of April 22, 1901, sustained the veto of the governor.¹² This decision is something of a surprise, as a number of other states have similar constitutional provisions, but they have never been construed to give the governor power to approve of a portion of an item while disapproving of another portion. Governor Stone, in passing on the appropriation bills of 1901, made extensive use of the power established by this decision, vetoing parts of 132 different items as well as forty-seven items in their entirety. It is very evident that the power to veto a part of a specific item of an appropriation bill enormously increases the power and influence of the governor, both over legislation and over the entire state administration. There is certainly great need for the centralization of responsibility in state government. The election of many state officers and the appointment of others for long terms without the power of removal renders it difficult to fix responsibility. A certain degree of harmony between the forty or fifty practically independent administrative departments is only secured through the agency of an extra-governmental institution, the political party.

Direct Legislation.—The referendum amendment adopted by South Dakota in 1898 provides that the referendum may be demanded on any law enacted except laws which may be necessary for the immediate preservation of the public peace, health and safety, and the support of the state government and its existing institutions. In a recent case the state Supreme Court has decided that the legislature having declared the provisions of an act necessary for the immediate preservation and support of the existing public institutions of the state, that declaration is conclusive on the court.¹³ Under this decision, therefore, the right to the referendum is practically optional with the legislature. A possible remedy would be to permit a referendum on the repeal of all laws enacted under the emergency clause within ninety days of the time of their going into effect.

Utah adopted an initiative and referendum amendment in 1900, but the legislature of 1901 refused to pass the necessary legislation to put the amendment in effect. Oregon will submit an initiative and referendum amendment to vote in June, 1902, which is suf-

¹² Commonwealth vs. Barnett, 48 A. 976.

¹³ State vs. Bacon, 85, N. W., 625.

ficiently complete in its provisions not to need legislation to put it in effect. It applies to state legislation only, and provides for the initiative on petition of eight per cent and the referendum of five per cent of the electors.¹⁴

Nevada¹⁵ has referred to the legislature of 1903 an amendment, providing that whenever ten per cent of the electors petition that any law passed by the legislature be submitted to the people, the state officers charged with the duties of announcing and proclaiming elections shall submit the law to popular vote at the next general election. If the electors disapprove, the law is repealed, but if they approve, it can not be repealed or in any way made inoperative except by direct vote of the people. The object of this latter provision is not very clear. It makes it impossible to alter, except by the cumbersome method of direct vote, any act once approved by the people. Aside from this feature, the proposed referendum seems more simple and effective than any yet considered.

An act providing for a mere expression of opinion by electors on questions of public policy has been adopted by Illinois.¹⁶ On petition of twenty-five per cent of the registered voters of any town, village, city, county, or school district, or of ten per cent of the registered voters of the state, it is the duty of the proper election officers to submit any question of public policy at any general or special election. The number of petitioners required seems sufficient to prevent the abuse of the privilege, and it seems probable that its occasional exercise may prove very advantageous.

Restriction of Legislative Power.—The trend of constitutional enactment is strongly toward the restriction of legislative power. New York¹⁷ has adopted a constitutional amendment forbidding the legislature to pass special laws exempting persons or associations from taxation, and Oregon¹⁸ has referred to the next legislature a constitutional amendment prohibiting the formation of corporations by special laws. In view of the gross abuse of the power of special legislation by the Alabama legislature, it is not a matter of surprise that the new constitution adopted during the present year contains drastic restrictions on this form of legislation. Special, private or

¹⁴ Oregon, 1901, p. 476.

¹⁵ Nevada, 1901, p. 139.

¹⁶ Illinois, 1901, p. 198.

¹⁷ New York, 1901, p. 1803.

¹⁸ Oregon, 1901, p. 471.

local laws are not to be passed in certain cases specified in thirty-one sub-divisions.¹⁹ In addition, special acts are not to be passed in cases provided for by general law, or when the relief sought can be given by any court of the state, or unless notice of application therefor is published in counties where the matter affected is situated, at least once a week for four weeks. To make impossible the evasion of these restrictions through judicial interpretation, the meaning of general, local and private law is defined as follows:

"A general law within the meaning of this article is a law which applies to the whole state; a local law is a law which applies to any political sub-division or sub-divisions of the state less than the whole; a special or private law within the meaning of this article is one which applies to an individual, association or corporation."²⁰

Alabama was, in 1846, among the first states to change from annual to biennial sessions of the legislature, and is now the first to change from biennial to quadrennial sessions. The new constitution provides for a regular session, limited to fifty days, once every four years.²¹ Special sessions, limited to thirty days, may be called by the governor, but no acts may be passed, other than those designated in the governor's proclamation calling the session, except by a two-thirds vote.²²

A growing distrust of the legislature is evidenced in the constitutional history of almost every American state. What this will finally lead to is impossible to foretell. If it continues unchecked, the state legislature will follow the city council to decay, impotence and general uselessness. It is not believed that this will be the outcome, as the function of the legislature is indispensable to the best representative government. What must come, however, is a better recognition of the true sphere of legislation, and a better organization for the work of law-making. The work of legislation should be so organized that every relevant fact in comparative politics, history and science would aid in the consideration of each important measure. This implies, among other things, that the legislature should make constant use of the services of experts of all kinds. The great work of the United States Industrial Commission is an indication of what may be accomplished in this way. Every legislative committee

¹⁹ Alabama Constitution, Sec. 104.

²⁰ Alabama Constitution, Sec. 117.

²¹ Constitution, Sec. 48.

²² Constitution, Sec. 78, 102.

should have as its secretary a man specially trained in the subjects considered by the committee, and capable of organizing a thorough scientific investigation of any subject referred to it. This is only an example of what is needful in order that the legislature may perform its functions in the most effective and satisfactory manner, and thus allay the growing distrust that is bringing about such a rapid restriction of legislative powers.

Bill Drafting.—Connecticut²³ has revised its law relative to the powers and duties of the Clerk of Bills. It is made his duty to assist members of the general assembly in drafting bills of a public nature. Every bill favorably acted on by any committee must, before being reported, be first submitted to the Clerk of Bills, who shall examine it "in respect to its form for the purpose of avoiding repetitions and unconstitutional provisions, and insuring accuracy in the text and references, clearness and conciseness in the phrasology, and the consistency of statutes."

Direct Vote for United States Senator.—Though many state legislatures have at various times adopted resolutions in favor of the election of United States senators by popular vote, and the national House of Representatives has four times voted in favor of the change, the Senate has refused to take action. In order to compel action, a movement was started by Pennsylvania, in 1899,²⁴ to secure an application, on the part of two-thirds of the legislatures, for the calling of a constitutional convention. As a result of this movement, twelve states, in 1901, applied to Congress to call a constitutional convention for the consideration of the question of the direct election of senators, and two of these states, Oregon²⁵ and Washington,²⁶ have, in their application, not limited the convention merely to the consideration of this question.

Election of senators by direct vote would certainly relieve the legislature, and in fact the entire state government, of a most disturbing element, and would tend to strengthen the legislature for the performance of its true function. The best governmental and party organization will be furthered by a greater separation of municipal, state and national politics.

²³ Connecticut, 1901, ch. 1.

²⁴ Pennsylvania, 1899, p. 418.

²⁵ Oregon, 1901 j. r. 5.

²⁶ Washington, 1901, ch. 164.

Suffrage.—The chief problem before the Alabama constitutional convention was that of negro suffrage. The solution reached is similar to that reached by Louisiana in 1898 and North Carolina in 1900. Registration and the payment of a poll tax are required. Before December 20, 1902, any person may register who comes under any of the following classes:

1. Those who have honorably served in land or naval forces of United States in war, or of Confederate states, or Alabama in Civil War.

2. Lawful descendants of persons who served as above.

3. All persons who are of good character and who understand the duties and obligations of citizenship under a republican form of government.²⁷

Unless disqualified for some special reason, any person registered before January 1, 1903, remains an elector for life, and need not register again except on change of residence, when he may register on production of certificate.²⁸

Between December 20, 1902, and January 1, 1903, there is to be no registration, and after that date the applicant for registration must come under one of the following classes:

1. Those who can read and write any article of the United States constitution in the English language, and have worked at some lawful employment, business, occupation, trade or calling for a greater part of year next preceding registration, if not physically unable to work.

2. Those unable to read and write, if such inability is due solely to physical disability.

3. Resident owner, or husband of woman who is owner, of forty acres of land.

4. Owner, or husband of woman who is owner, of real or personal property assessed at \$300.

Registration.—Pennsylvania²⁹ has adopted a greatly-needed constitutional amendment, enabling the legislature to require personal registration in cities, and West Virginia³⁰ has submitted to vote in 1902 a similar amendment. Voters in Missouri cities of

²⁷ Alabama Constitution, Sec. 186.

²⁸ Alabama Constitution, Sec. 187.

²⁹ Pennsylvania, 1901, ch. 266.

³⁰ West Virginia, 1901, ch. 154.

25,000 to 100,000 absent on registration day have been granted the right to register by filing a sworn affidavit.³¹

Voting Machines.—A constitutional amendment permitting the use of voting machines has been adopted by Pennsylvania,³² and a similar amendment will be submitted to the people of California³³ at the next general election. Connecticut,³⁴ in 1895, authorized the use of McTammany and Myers machines at local elections, and has, during 1901, created a commission to examine voting machines, consisting of three members, appointed by the governor for two years. Towns may adopt approved machines in all elections, and it is the duty of the secretary of state to prescribe rules for their use.³⁵ The Rhode Island law of 1900, chapter 744, creating a voting machine commission to examine machines and make regulations for their use, has been repealed, and a law passed providing that voting machines may be used at all elections.³⁶

Indiana, Maine and Wisconsin have been added to the list of states having voting-machine commissions. The Indiana³⁷ commission is a bipartisan board of three members, appointed by the governor for a term of four years. The Maine³⁸ commission consists of the secretary of state, the attorney-general, and a member of the governor's council designated by the governor. In Wisconsin³⁹ the commission is composed of three members, appointed by the governor for terms of five years; two of the members must be mechanical experts. Indiana⁴⁰ had already authorized the use of voting machines at all elections in 1899.

Corrupt Practices.—Michigan⁴¹ has repealed its corrupt practices act of 1891. This act was based on the earlier act of New York in 1890, the only advance being that party committees were also required to report receipts and expenses.

Political Parties.—In the general reorganization of political parties in Colorado in 1896 numerous controversies arose as to the

³¹ Missouri, 1901, ch. 145.

³² Pennsylvania, 1901, ch. 242.

³³ California, 1901, p. 960.

³⁴ Connecticut, 1895, ch. 263, 335.

³⁵ Connecticut, 1901, ch. 120.

³⁶ Rhode Island, 1901, ch. 850.

³⁷ Indiana, 1901, ch. 260.

³⁸ Maine, 1901, ch. 169.

³⁹ Wisconsin, 1901, ch. 459.

⁴⁰ Indiana, 1899, ch. 155.

⁴¹ Michigan, 1891, ch. 190.

regularity of primaries and conventions, many of which finally came before the courts for decision. An act of 1901⁴² takes from the courts the settlement of all party controversies, and places it in the hands of the state central committee or the state convention. California⁴³ also has enacted that the state central committee may itself, or through its executive committee, decide between rival organizations claiming to represent the party in any sub-division of the state, and such decision shall be final.

Fusion.—Kansas⁴⁴ and South Dakota⁴⁵ have passed laws designed to make fusion more difficult by providing that no person may accept the nomination of more than one party for the same office, and can be placed on the official ballot as the candidate of but one party. In order to effect a fusion, therefore, one of the parties will have to consent to lose its identity.

Primary Elections.—A constitutional amendment, adopted in 1900, empowered the California legislature to regulate primary elections by general or special laws, and to determine the conditions on which electors and parties may participate in such elections. Taking advantage of the broader powers granted by this amendment, the legislature of 1901 has revised the primary election law of 1899.⁴⁶ The new act provides for a primary election, to be held at the same time and place, and under the same officers, for all parties casting three per cent of the vote. The expense of the primary is a public charge, and the primary is under the supervision of the local boards of election commissioners and the judges and clerks appointed by it. Separate ballots are provided for each party. The act is mandatory in cities and counties having a population of 7,500, and may be adopted by other localities by a majority vote. The Illinois primary law of 1898 has been revised.⁴⁷ Connecticut⁴⁸ has provided that, after 1902, only enrolled voters can participate in a party caucus. Application for enrollment may be made in person or in writing.

Test of Party Allegiance.—The test provided by the new Cali-

⁴² Colorado, 1901, ch. 71.

⁴³ California, 1901, ch. 187.

⁴⁴ Kansas, 1901, ch. 177.

⁴⁵ South Dakota, 1901, ch. 119.

⁴⁶ California, 1901, ch. 118.

⁴⁷ Illinois, 1901, ch. 122.

⁴⁸ Connecticut, 1901, ch. 179.

for a primary law is a bona fide present intention of supporting the nominees of the party at the ensuing election. The Illinois primary act provides that any person offering to vote must be a member of the particular party, and he shall not be deemed a member if he has signed a petition for the nomination of an independent candidate to be voted for at the next regular election, or if he has voted at the primary election of another party within the period of one year next preceding. In a new act⁴⁹ regulating primaries in the two counties containing the cities of Indianapolis and Evansville the qualifications of voters are prescribed as follows:

"Each qualified legal voter of the precinct who, at the last election, voted for the regularly-nominated candidates for the party, and affiliated with the party holding such election, shall be entitled to vote at such election."

The Minnesota direct nomination law⁵⁰ provides that each registered voter shall be entitled to vote with the political party with which he declares that he affiliated, and whose candidates he generally supported at the last general election and with which he proposes to affiliate at the next election.

Direct Nominations.—The act of 1899, providing for direct nominations in Minneapolis, has been extended to apply to all officers chosen wholly within any sub-division of the state.⁵¹ The law of 1899 provided that the elector should be given a ballot of each party, and that he could vote whichever ballot he wished with no declaration as to party affiliation. This provision has been changed, because it opened the way to the participation by members of one party in the nominations of another. It made it possible for the members of a party in which there was no decided contest for a particular office to aid in bringing about the nomination on the opposing ticket of the man whom they considered the weakest candidate. Though the system of direct nomination has long been in use in various parts of the United States, as a result of the Minneapolis experiment, a great deal of publicity was given to the system and a strong sentiment in favor of its adoption created in many states. During the legislative sessions of 1901 bills providing for direct nominations were introduced in a number of states, and in Massachusetts Michi-

⁴⁹ Indiana, 1901, ch. 210.

⁵⁰ Minnesota, 1901, ch. 216.

⁵¹ Minnesota, 1901, ch. 216.

gan and Oregon acts were passed, making mandatory the use of direct nominations. The Massachusetts act applies only to nominations for state senator and for members of the state committee in each of the Suffolk County senatorial districts.⁵² A special act of the Michigan legislature provides for the direct nomination of city officers and members of the state legislature in Grand Rapids.

Oregon⁵³ passed an act, mandatory in Portland and the county in which it is situated and optional with the party committees in other counties, but the act was declared unconstitutional. This law was more thorough-going in its provisions than any heretofore adopted. It provided not only for direct nominations of candidates for public office, but also for direct elections of all party officers and of delegates to congressional and state conventions, and for the formulation and enactment by the party members themselves of every rule and regulation relative to party administration and every declaration of party principle or policy.

Direct nominations are now very popular with certain reformers, but it is not believed that they will prove satisfactory. Ordinarily the convention system is the best method of nominating the numerous candidates required by our governmental system. It is only in very exceptional cases, when the party organization is determined to prevent the nomination of a popular favorite, that a system of direct nominations is superior to that of conventions. This emergency may be provided for by a device that may be called the optional referendum in party nominations. Under this system no nomination by a party convention will become the nomination of the party if within a certain time a petition, signed by a certain percentage of the enrolled voters of the party, is presented, asking that the nomination be made by direct vote of the enrolled party members. It is not probable that the occasion for the actual use of this referendum would often arise, yet the constant possibility of its exercise would prove highly advantageous. The serious threat of the referendum would ordinarily be sufficient either to lead the organization to accept a compromise, or to make the nomination that seemed to be demanded by a majority of the party.

Mounted Police.—Arizona⁵⁴ and Texas⁵⁵ have reorganized their

⁵² Massachusetts, 1901, ch. 402.

⁵³ Oregon, 1901, p. 409.

⁵⁴ Arizona Revised Statutes, 1901, sec. 3213-3219.

⁵⁵ Texas, 1901, ch. 24.

ranger force. The Texas act provides that the governor may organize a ranger force to protect "the frontier against marauding and thieving parties and for the suppression of lawlessness and crime throughout the state." The force may consist of four companies, of twenty privates, one captain and one first sergeant each. The officers and privates have the powers of peace officers, and must aid the regular civil authorities in the execution of the laws. The captains of the companies and the quartermaster for the entire force are appointed by the governor, and may be removed at his pleasure. The governor and adjutant-general make regulations for the government and control of the force, and the governor may disband the force in whole or in part at any time. The Arizona law provides for one company of Arizona rangers, for the protection of the frontier of the territory.

*Municipal Home Rule.*⁵⁶—California⁵⁷ submitted a constitutional amendment, to be voted on in 1902, providing that amendments to home-rule charters must be submitted to popular vote if petitioned for by fifteen per cent of the qualified voters. Under the present constitutional provision there is no provision for popular initiative. Colorado⁵⁸ has submitted to vote an amendment empowering cities of over 2,000 to make, revise and amend their charters, and Oregon⁵⁹ has referred to the next legislature an amendment providing that general laws shall be passed for the incorporation of cities, and that cities may frame and adopt charters without submission to the legislature for approval. Oregon also created a board to prepare a charter for Portland, the charter to be submitted to the voters in June, 1902, and if approved by them to be submitted to the legislature for approval or rejection without amendment.⁶⁰ Missouri⁶¹ has submitted an amendment, modifying its home-rule provision by providing that city law-making authorities may order the popular election of thirteen freeholders, to prepare a new charter for adoption by a majority vote, and Minnesota⁶² has amended its law of 1899 by pro-

⁵⁶ See also Delos F. Wilcox, *City Government, in Review of Legislation, 1901*, p. 18, New York State Library Legislation Bulletin No. 16.

⁵⁷ California, 1901, p. 950.

⁵⁸ Colorado, 1901, ch. 46.

⁵⁹ Oregon, 1901, p. 471.

⁶⁰ Oregon, 1901, p. 296.

⁶¹ Missouri, 1901, p. 263.

⁶² Minnesota, 1901, ch. 323.

viding that, on petition of five per cent of the voters, a proposed city charter is to be submitted to popular vote.

As an offset to these measures increasing local home rule and popular initiative, there must be noted the Pennsylvania act,⁶³ commonly known as the "ripper bill." This act provides a new system of government for cities of the second class, including Pittsburg, Allegheny and Scranton. The office of mayor is abolished and that of recorder established in its place. The recorder is to hold the office for three years, and is not eligible to re-election. He appoints for three years, with power of removal, the heads of departments except comptroller, treasurer and assessor. Subordinate officers are appointed by the heads of departments and salaries fixed by the council. The office of recorder is to become elective in 1903, but until then is to be filled by appointees of the governor.

Franchises.—A California⁶⁴ act, regulating the granting of franchises, provides for public sale, and that two per cent of the gross annual receipts must be paid to the city after five years. West Virginia⁶⁵ makes it unlawful for a county court or council to grant a franchise till after thirty days' public notice. The term may not exceed fifty years. A constitutional amendment submitted by Colorado⁶⁶ provides that franchises are to be granted only on vote of qualified tax-paying electors.

Municipal Ownership.—In California⁶⁷ an act increases the powers of boards of trustees of cities as to the acquisition of water works, street railways and other public utilities. Arkansas⁶⁸ authorizes municipal corporations to construct gas and electric works, and to furnish light and power to private consumers. In Minnesota⁶⁹ cities under 10,000 may issue four per cent bonds to construct or buy electric-light plants, and in Nebraska,⁷⁰ cities of over 1,000 are authorized to establish heating or lighting systems. Wisconsin⁷¹ authorizes municipalities to build and maintain a dam for heat, light or power purposes, and to furnish light to parties outside corporate

⁶³ Pennsylvania, 1901, ch. 14.

⁶⁴ California, 1901, ch. 103.

⁶⁵ West Virginia, 1901, ch. 29.

⁶⁶ Colorado, 1901, ch. 46.

⁶⁷ California, 1901, ch. 26, 27.

⁶⁸ Arkansas, 1901, ch. 186.

⁶⁹ Minnesota, 1901, ch. 199.

⁷⁰ Nebraska, 1901, ch. 22.

⁷¹ Wisconsin, 1901, ch. 95, 105, 143, 209, 210, 453.

limits. In Wyoming,⁷² municipalities may build, buy and operate light, heat and power plants.

Parks.—Montana⁷³ has authorized the governor to appoint six park commissioners in cities of 10,000. In New Jersey⁷⁴ an act has been passed providing for county park commissioners, but the act is not effective till accepted by the voters of the county. Four park commissioners are to be elected for two years at a salary of \$1,500. They are to locate and acquire parks, and may condemn land and assess benefits and damages.

Art Commission.—Minnesota⁷⁵ has provided that cities of over 50,000 may provide for the appointment of an art commission, consisting of five members, for a term of five years. One member is to be from the art society, one selected by the park commissioners, one by the library board, and one must be a painter, sculptor or architect. The commission is to advise with municipality on art questions.⁷⁶

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New York State Library, Albany, N. Y.

⁷² Wyoming, 1901, ch. 22.

⁷³ Montana, 1901, p. 73.

⁷⁴ New Jersey, 1901, ch. 64.

⁷⁵ Minnesota, 1901, ch. 154.

⁷⁶ For a more detailed discussion of these subjects see *Review of Legislation, 1901, New York State Library Legislation Bulletin, No. 16*. For brief classified summaries of all laws passed, see *Comparative Summary and Index of Legislation, New York State Library Legislation Bulletin, No. 15*.

THE THREE PRIMARY LAWS OF SOCIAL EVOLUTION

Professor J. W. Ashley, in the preface to his *English Economic History*, writes as follows: "Two causes above all others, sometimes working separately, sometimes in conjunction, have gradually modified the character of economic science. These two causes are the growing importance of historical studies and the application to society of the idea of evolution."

This has resulted, according to this same writer, in "a divergence of opinion as to the proper method to be pursued in the investigation of present phenomena. There are many intermediate shades of opinion, many interesting attempts at eclectic compromise, but in the main economists tend to turn in one of two opposite directions: either they use the method of deduction practiced by Ricardo and defended by J. S. Mill and Cairnes, or they proceed by the way of historical inquiry and the observation of facts." "The historical school, in the strict sense of the word, holds that it is no longer worth while framing general formula as to the relations between individuals in a given society like the old laws of rent, wages and profits; and that what they must attempt to discover are the laws of social development—that is to say, generalization as to the stages through which the economic life of society has actually passed. They believe that knowledge like this will enable them the better to understand the difficulties of the present."

The case here urged against the orthodox school of economists is, in brief, that they only had in mind that form of society which prevailed in England in the latter part of the eighteenth and beginning of the nineteenth centuries. In a word, they completely lost sight of the important fact that society is a growing organism and so were betrayed into assuming that what was true for the England of their day was necessarily true for all societies at all stages in their development. It is also charged, and with some measure of truth, that the orthodox economists were betrayed into this error by their too exclusive use of deductive methods. A more frequent use of the inductive method, it is claimed, would have revealed the obvious fact that societies rise, flourish and decay, and hence that

generalizations which are true for one stage of their existence are not necessarily true for all other stages.

That the historical school entered a timely protest against the over-accenting of the deductive method of inquiry no one will deny. But after all it can only be a question of accent and not primarily a question of method. Indeed, it is difficult to understand how mature men of scholarly training can be betrayed into insisting that there is a necessary antagonism between the deductive and inductive methods of inquiry. One might as well talk of reproduction by the sole efforts of one or the other sex as to talk of developing thought by the exclusive employment of either method of inquiry. How, it might be asked, can there be an intelligent observation of facts save as these facts fall into some orderly arrangement in the mind, or are seen through the medium of some incipient or tentative theory in regard to these facts. At bottom, therefore, there can be no question of the exclusive use of either method, though particular men, because of the natural bent of their minds, may over-accent one or the other method. When this happens, as it does very frequently, their work must be supplemented, and corrected if need be, by the work of those who tend to employ the contrary method. It must, however, be borne in mind that the too exclusive use of either method is rather a confession of our own mental limitation than a special endorsement of that method.

Most of those who tend to accent the deductive method have clearly recognized its limitations, but while confessing their many sins of omission and commission, they have continued on their way in good-natured tolerance of the more vehement attacks upon this method. Indeed, so long have they persisted in this easy-going tolerance that the belief has gone forth "that sufferance is the badge of all their tribe."

In the present paper I shall attempt to show : first, that in accepting Darwin's theory of the survival of the fittest as a good and sufficient explanation of the phenomena of social progress, the historical school has been betrayed into the very same error as that of which they have convicted the orthodox economists. Like the latter, the historical school has assumed that a theory of progress, which is only true for certain stages in social development, is necessarily true for all stages or has universal validity. Secondly, an attempt will be made to show that a complete understanding of the

larger social evolution is impossible without some acquaintance with those very "laws of rent, wages and profits" which the historical school would dismiss with such scant courtesy.

With regard to the first half of our self-appointed task, the case rests primarily upon the contention that the historical school has for the most part contented itself with the theory of evolution proposed by Mr. Darwin. In doing so it has assumed that all social progress is due to a struggle for the food supply, and so to that "survival of the fittest" which necessarily involves the killing off of the lower classes whenever population presses too hard upon subsistence. In so far as any member of the historical school has repudiated this doctrine our case does not hold as against him, but while not a few protests have been entered against this theory, they have been filed for the most part by writers of the socialistic school or by those more or less in sympathy with them, few such protests having been entered by accredited members of the "historical school in the strict sense of the word."

What, then, in a concise way, is this theory of progress by "the survival of the fittest?" On page 3 of the introduction to his "Origin of Species," Mr. Darwin writes: "In the next chapter, the struggle for existence among all organic beings throughout the world, which invariably follows from the high geometric ratio of their increase, will be considered. This is the doctrine of Malthus applied to the whole animal and vegetable kingdom. As many more individuals of each species are born than can possibly survive, and as consequently there is a frequently recurring struggle for existence, it follows that any being, if it vary however slightly in any manner profitable to itself under the complex and sometimes varying conditions of life, will have a better chance of surviving, and thus be naturally selected. From the strong principle of inheritances any selected variety will tend to propagate its new and modified form."

The first thing to note in this is the fact that Darwin here clearly recognizes that "this is the doctrine of Malthus." It is, therefore, strange to say the least, that economists should have accepted a theory of progress which is confessedly based upon a long-since discarded economic doctrine. Malthus, in the earlier editions of his famous essay, appears as the champion of the agrarian interests. This is due in part to his environment as a country clergyman and in part to the reaction in thought and feeling which had set in because of the

excesses of the French Revolution. His social ideal was a society in which the landed aristocracy dominated the situation. A society in which progress must at best be slow, and which in his earlier editions he practically regarded as hopeless so far as the lower classes were concerned. Later on, when the industrial revolution in England had gotten well under way, Malthus saw that even with their unsanitary factories and homes, their long hours, etc., there was some improvement in the condition of the laboring classes. Not all that might be desired, it is true, but still there had been at least some amelioration of their hard lot. Again, when he turned to French experience, he was forced to admit that, despite all its excesses and subsequent retrograde movements, the Revolution had left the lower classes in a better condition than they had ever before enjoyed. And so, in his later edition, we find him hopeful that even the lowliest may enjoy a surplus above a mere existence.

But while the hopelessness of the first edition was thus early abandoned by Malthus, the concept he had had in mind fitted in so nicely with biological phenomena that we find Darwin writing on page 60 of his "*Origin of Species*": "It is the doctrine of Malthus applied with manifold force to the whole animal and vegetable kingdom, for in this case there can be no artificial increase of food and no prudential restraints upon marriages." In a word, we here have Darwin's tacit recognition of the fact that while this theory fits in so well with biological phenomena, it may be largely offset, so far as human society is concerned, by the intelligent volitions of mankind. And yet not a few economists have continued to insist upon the theory of the survival of the fittest as a good and sufficient explanation of all social progress, and this despite its signal failure to explain the more complex phenomena of a modern society.

Take the case of an industrial movement that is still under way. When the development of the cotton industry in the southern part of the United States was first mooted, I took occasion to ask an intelligent New England manufacturer what the effect of such a movement would be upon the New England factories; would it drive them out of the business or force them to remove their plants to the Southern states? He answered, "It will not necessarily have either effect. It is much more likely to force us out of the manufacturing of the cheaper grades of goods and into the manufacturing of a higher grade of goods, the higher intelligence of our New England mill

hands giving us an advantage over our southern competitors in the higher grade of goods." Note, then, that progress is here due not to the pressing down or killing off of the lower type but to the latter pressing up against a higher type and forcing it to exert itself more effectively. This experience is, of course, a common one, and furnishes one of the stock arguments against the excessive protection of any industry, to wit, that it enervates men, and so prevents that improvement in method and technique which might otherwise be expected. And when it is answered that home competition will effect the same result, we only admit a principle as general as that of the "survival of the fittest," namely, that progress depends at least as much upon the pressure from below as upon the pressure from above.

Again take the case of the New England mill hands. What has become of the native New England boys and girls that forsook the farms for life and wages in the mill district? As is well known they have been replaced by successive invasions of various nationalities, at one time by the Irish immigrants and later by Canadians. Does this mean that the native mill hands were forced down and out; killed off, as it were, by a pressure from above? That they were driven out is true, but by a lower and not by a higher type, and what is more to the point, they were driven not *down* but *up* into employments and positions of greater trust and responsibility.

Again, what has become of the Irish immigrant who a few years ago was the ditch-digger and track hand, "the hewer of wood and the drawer of water?" He too has been driven out by emigrants from southern Europe, or by a lower type, but he too has been driven not down but up into more desirable fields of employments.

In Philadelphia there has been, in recent years, a very interesting movement of population. During and after the War of the Rebellion the district from Lombard street to Christian street and east of Ninth street was occupied by a none too desirable negro population. West of Broad the population was a thrifty, self-respecting, Scotch-Irish element, who so dominated this section of the city in political matters that the Seventh Ward was facetiously styled Tyrone County. The first change in this distribution of the population occurred when the Italians came in, and were willing to pay more for very limited accommodations near the centre of the city than even the negro was willing to pay. This forced the negroes west

towards Broad street. Later the Russian Jews came in and outbid the Italians for accommodations in the slums. This forced the latter westward, and made them again press upon the negroes. They in turn went west of Broad street and forced the original Scotch-Irish element into much better quarters west of the river. In each and every case a higher type was forced out by a lower type, but in each and every case the higher type was forced up, and not down, by the competition with a lower type. Nor are these special or exceptional instances. On the contrary, they are typical of a method of evolution that prevails in all advanced and rapidly progressing societies. Where then shall we turn for a theory of evolution that will account for these phenomena?¹

Primarily there are but two theories of evolution that have found any general acceptance. These are Darwin's "survival of the fittest" and Lamarck's theory of the more or less conscious adjustment of the organism to its environment. Darwin, in reviewing Lamarck's contributions to the literature of the subject, found that "He first did the eminent service of arousing attention to the probability of all changes in the organic as well as in the inorganic world being the result of law and not of miraculous intervention." "With respect to the means of modification he attributed something to the direct action of the physical conditions of life, something to the crossing of already existing forms and much to use and disuse, that is, to the effect of habit." Darwin, having in mind biological phenomena of the lower orders, finds it "preposterous" to attempt to explain them by "the effects of external conditions or of habit or the volition of the plant itself."² ("Origin of Species," pages 2 and 3.)

¹It may be interesting to note that the first to recognize the importance of these facts was Dr. S. N. Patten, a writer who has not generally been credited by the Historical School with an over zealous regard for mere facts.

²Herbert Spencer, finds more to commend in Lamarck's theory. Starting with the necessary instability of the homogeneous, Spencer finds that changes in the environment, by affecting the food supply, must react upon and produce changes in the included organisms. But as all change is not necessarily in the line of greater heterogeneity or of progress, Spencer continues: "Probably in most instances the modified type will not be appreciably more heterogeneous than the original, but it must now and then occur that some division of a species falling into circumstances which give it rather more complex experiences and demanding actions somewhat more involved will have certain of its organs further differentiated in proportionately small degrees—will become slightly more heterogeneous." "First Principles," page 247. The phrase, "it must now and then occur," would seem to involve Spencer in the same chapter of accidents to which Darwin refers us; but the passage as a whole commits Spencer to the Lamarckian contention that progress is due, in part at least, to the attempts of the organism to adjust itself to its changed environment.

The crucial point in both of these theories is this: how does it happen that the change in the organism is in the direction of progress or of greater heterogeneity, to use Spencer's phrase? Darwin, starting with Malthus' assumption of a limited food supply, finds that this must result in an ever "recurring struggle for existence," and hence, "Any being if it vary, however slightly, in a manner profitable to itself under the complex and sometimes varying conditions of life, will have a better chance of surviving, and thus be naturally selected." Note, then, that so far as Darwin is concerned the variation of any being in a manner profitable to itself is left entirely to the chapter of accidents. Lamarek, on the other hand, had in mind a more or less conscious endeavor on the part of the organism to adapt itself to the more complex environment in which it finds itself placed.

The failure of the first of these theories when applied to the complex phenomena of a modern society has already been shown. Nor is any argument necessary to show that it is in such a society, by improvements in methods, machines, etc., that Lamarek's concept finds its fullest application. It is, however, well to note that the lower we descend in the scale of existence the more important is the part played by Darwin's "survival of the fittest."³ Surely, the historical school, in so far as it has accepted Darwin's "survival of the fittest" as a satisfactory explanation of social progress in a modern society, stands convicted on our first count. Like the orthodox economists of old, they have assumed universal validity for a generalization that is only true, in any complete sense, for the earlier stages of social evolution.

This brings us to our second contention, to wit, that no complete understanding of the problem of social evolution is possible without some clear notion as to what is meant by those laws of rent, wages and profit which the historical school have so lightly "whistled down the wind." The theme, of course, is a larger one than can possibly receive adequate treatment within the limits of a single article. On the other hand, such a rapid sketch as is possible within these limits may have some advantages, and will at least serve to make good the above contention.

³This thought has been worked out by a number of writers. Spencer, in his "Data of Ethics," has shown that all organic development involves a growth in the self-determining power of the individual. Lester F. Ward, in his "Psychic Factors of Civilization," has more fully expanded the same thought.

It may fairly be urged that prolonged social progress depends upon the existence of a continually recurring social surplus, and upon the manner of its distribution among the several parties to its production. If this is true, it follows that some knowledge of the laws of rent, wages and profit is necessary to a right understanding of the problem of social progress, for in the last resort these laws are but our attempts to determine how the distribution of this social surplus has been, is, and should be effected.

Starting, then, with the premise that social progress depends upon the existence of a social surplus or upon a continual increase in the material resources of society, it might be urged that there are only three possible variations in the increase of these material resources, namely, a decreasing rate of increase, an increasing rate of increase and a fixed rate of increase. Or, stated in more familiar economic terms, we have in the first case a society progressing under the law of diminishing returns; in the second a society progressing under the law of increasing returns, and in the third instance a society progressing under the law of constant returns. A word of caution may here be necessary. One is prone to think of the "law of diminishing returns" as meaning a decrease in the absolute amount of the social surplus, but as this would imply a retrograding society, it must be clearly distinguished from the concept that we here have in mind. In all three instances we are dealing with a progressing society, hence the "law of diminishing returns" here means not a decrease in the absolute amount of the social surplus but a decrease in its rate of increase. In the same way the second form of progress involves an increase in this rate of increase, while the third implies a constant rate of increase of the social surplus. Now unless we can show some other primary variation in the rate of increase of the social surplus than those here enumerated, we are constrained to admit that so far as social progress depends upon an increase in the social surplus, this progress will manifest itself in three, and in only three, primary forms. And as a corollary to this, the form which the social surplus tends to take will show a like variation, as in rent, profit, etc. With this in mind let us proceed to a very rapid scanning of the conditions that must prevail under each of these three forms of social progress.

In a society progressing under the law of diminishing returns property is largely in land. Agrarian interests dominate the eco-

nomie, political and social life of such a society. Population tends to press upon subsistence, and the struggle for existence is so severe that those below are apt to be pressed down and out by those above. The explanation of such progress as does take place is to be found for the most part in Darwin's "survival of the fittest." Conscious adjustment of the individual to his environment here plays but an unimportant part. The organism that *happens* to vary "in a way profitable to itself," or in harmony with its changing environment, survives and tends to propagate its kind. But as all is here left to the chapter of accidents, the number that go down in the struggle is great and the progress correspondingly slow. In such a society there is an ever recurring tendency for those below to return to a condition of serfdom or slavery.

On the other hand, in a society progressing under the law of increasing returns, property is more largely in the machines and tools of production. Commercial and manufacturing interests determine the economic and political policy of the society, though the landed aristocracy may long continue to dictate its social precedents and laws. The struggle for existence is less severe, being relieved by inventions and improvements as well as by self-restraint in the matter of reproduction. Population no longer presses so hard upon subsistence. The lower classes no longer perish in mass from a lack of food, but instead the upper classes are in danger of being killed off by over-feeding. Again progress is effected by the lower classes advancing and forcing the upper classes to still greater effort if they are to hold their own in this most hopeful struggle for existence. In a word, the explanation of progress is no longer to be found in Darwin's chapter of accidents but in Lamarck's conscious adjustment of the individual to his environment, and hence we find a much more rapid rate of progress in individual and social well being.

The first two forms of progress are more or less familiar concepts, but just what we are to understand by a society progressing under the "law of constant returns" or a fixed rate of increase of the social surplus is not so manifest. It might be said it is a society in which we tend to realize the conditions of free competition, and when so defined the concept seems a little more familiar. But, after all, one is not entirely satisfied with this unless he can see just what the connection is between free competition and a society progressing

under the "law of constant returns." Our immediate task is therefore to make this as clear as possible.

Under the law of "diminishing returns" an increase in the supply of commodities can only be effected at an increased cost or price, but under the law of "increasing returns," the supply of commodities is increased without an increase in cost or price. If a shoe manufacturer invents a machine that will turn out one hundred pairs of shoes for the former cost of one pair he is forced to lower the price somewhat, in order to find a market for his greatly increased supply of shoes. But while society as a whole is thus more largely benefited by the law of increasing than by the law of decreasing returns, yet this latter carries with it a more or less serious disadvantage. Progress is here effected by improvements that occur now in this and now in that industry, never in all industries at one and the same time, and never for any long time at the same rate in any one industry. So long as the improvement in any one industry is maintained, those in control of this particular industry enjoy a monopoly advantage in exchanging their goods for the product of less favored industries.

In consequence of this the productive power of society is unduly stimulated along these particular lines, and for a time proceeds at a rapidly increasing rate.

Under the "law of diminishing returns," production lags behind consumption; under the law of "increasing returns," consumption for a time at least lags behind production, and so we have those alternating periods of activity and depression, periods during which the productive power increases at a very rapid rate, followed by periods during which it is forced to lie dormant, until the standard of life or the consuming power of society has been sufficiently advanced to take up this increased production. In the meanwhile the plants that have been multiplied out of all proportion to the consuming power of society are compelled to lie idle; laborers who have acquired special skill in the handling of these plants are thrown out of employment, and their special skill, acquired at some cost, both to themselves and their employers, is rendered useless. And so society finds that when the full period of activity and depression is completed it has made less progress than it might have made had it proceeded at a slower but more constant rate in the increase of the social surplus. What then are the conditions that are necessary

to the maintenance of a constant rate of increase of the social surplus?

Let us assume a society in which the advance or the improvement in method and technique is equal throughout the entire field of industry. This is, of course, an assumption that will never be completely realized in the facts of industrial life, nevertheless it is interesting to us, since we are here dealing with tendencies and approximations and not with the absolute realization of social possibilities. In such a society the various improvements will greatly add to the total utilities, but will not in any way affect the ratio of exchange of the various commodities. In a word, since no one can secure a monopoly advantage because of these improvements, we here tend to realize the conditions of free competition. The over-stimulation of the productive powers of society, due to the monopoly advantage enjoyed by the few under the second form of progress, tends to disappear, and society tends more and more to realize that ideal of progress which can only be found under the law of constant returns. Here every increase in the productive power of society results in a corresponding advance in the standard of life of the whole society. In a word, production and consumption here tend to keep pace with each other. It may be well to note that *uniform* improvements and a *constant* rate of increase of the social surplus are not here employed as interchangeable terms. On the contrary, the first stands in causal relation to the second. Uniform improvements eliminate monopoly advantage or tend to effect a more equitable distribution. This brings about a progressing equilibrium between production and consumption, and so substitutes a constant rate of increase for the alternating periods of boom and depression.

To all this it may be answered that in these latter days the whole drift of industrial phenomena is away from the ideal of free competition. The organization of enormous aggregations of capital into sugar trusts, steel trusts, etc., means the stifling of free competition. In a narrow view of the facts there seems to be no escape from this conclusion, save under the assumption of socialist writers that all this tends towards government ownership or socialism. That some progress will be made toward the public ownership of certain industries, like telegraph and telephone lines, railroads, etc., seems now quite probable, but that all industry will be thus absorbed may seriously be doubted despite the present trend of events. Any such

scheme meets with the serious difficulty that social progress depends in part at least upon an increase in the supply of capital. This in last resorts implies a saving by the *marginal saver*⁴ of the resources in consumption of goods and a dedication of these resources to production. This is an individual act, and as human nature is constituted, will not long be performed without the stimulus that results from the profitable employment of these savings in productive processes. If this act of saving is not performed by the marginal saver, there will be a decrease in the rate of increase of capital goods and so of social progress. It is this that constrains us to look for some other solution or outcome for the present tendency towards larger combinations and greater concentration in industrial life.

If the great combinations of these latter days have come to stay they must eventually be transformed from stock-jobbing schemes into permanent investments. Those in control will be constrained to bring about such conditions as will insure a regular and permanent income. So long as industry was divided up among many promoters each was comparatively free to seek his own monopoly advantage without serious concern as to whether or not he is impoverishing others. But as large ranges of industry are brought under a single control, the effect of this egoism will become more manifest. For this destruction of the purchasing power of others must eventually react on general industry and bring about those periods when most goods seem to be a drug on the market.

It will soon become evident that in order to supply the abnormal demand of the more active periods, enormous investments have been made in plants that are absolutely idle during the long periods of depression. If the economy in management that is now effected by these great combinations is a sufficient reason for their existence, then surely the much greater economy that would result from regularity in production, thus preventing the unnecessary duplication of expensive plants, cannot fail to compel the attention of those in control of these great combinations. They will be constrained to realize that an arbitrary exercise of their monopoly power carries with it the seeds of their own destruction if they have in mind the permanency of their investments. So, too, a more liberal spirit in dealing with their employees will be forced upon them, not alone

⁴See the present writer's discussion of this problem in his "Value and Distribution."

by the pressure, both political and industrial, that will be exercised by organized labor, but by the gradual recognition of the fact that if the products of all industries are to find purchasers, the employees must be allowed the means with which to purchase and the time in which to enjoy these commodities. I do not mean that the men in control of industry will suddenly become altruistic or that organized labor will shortly find its occupation gone. On the contrary, the pressure that organized labor can exert will be of growing importance for a long time to come, but it will meet with less intemperate opposition from employers as industrial combinations grow in strength and in that broader policy which the demand for permanent investments will compel their management to adopt. In a word, these various motives and influences will tend to bring about a realization of that ideal of social progress which is found alone under the law of constant returns.

Note, then, that under the "law of decreasing returns" progress is best effected by a more or less complete ignoring of the welfare of others. Indeed, in extreme cases progress is only possible by the heartless killing off of those less strong in limb and brain. The weak are mercilessly forced to the ground, and society in its slow sad progress towards better things is compelled ruthlessly to stride over the prostrate forms of those who have gone down in this fierce struggle for existence. In progress under the "law of increasing returns," this is impossible. The motive that prompts men to improve the methods of production may still be largely egoistic. Yet the very nature of these improvements forces men to market their increased supply of goods at a lower price. It is doubtless true that he who controls the new and cheaper methods of production would gladly secure for himself the entire benefit of the improvement, but under the "law of increasing returns," and for the reasons just set forth, this is impossible. In a word, the conditions under which the *entrepreneur* labors forces him to a pseudo-altruism that is not realized under the "law of diminishing returns." In a society progressing under the "law of constant returns" still further progress is made towards altruism. The welfare of society at large becomes a condition precedent to the success of those who would exploit that society. As the men in control of the great industrial combinations increase the scope of their interests and seek to give them permanence, they will be forced

to grant to others the power to purchase and the time to consume the products of these various industries.

It is generally held by those who lay much stress upon inductive methods that society progressed from feudalism, or the domination of the landed aristocracy, to the domination of the bourgeoisie, and that in the further evolution of society we must look to see the fourth estate come into its own. In the present paper, starting with the assumption that social progress is conditioned upon the existence of a social surplus, we have been led by *a priori* considerations to much the same conclusion. We find that the above forms of society correspond quite closely with societies progressing under the laws of decreasing, increasing and constant returns. We have seen, too, that the law of evolution varies for these different forms of society, and, after all that has been said, it hardly needs to be urged that the form which the social surplus takes will suffer a like variation. In the first instance land rents are dominant, in the second profit, while in the third, where we approximate the conditions of free competition, both rent and profits tend to disappear, being replaced by the normal surpluses "interest on capital" and "gain of labor." For a fuller exposition of these latter surpluses I must refer the reader to my work on "Value and Distribution," in which I have attempted to show that in last resort these normal surpluses are the only ones that are absolutely essential to progress. At the same time rent and profit as there defined have been in the past, and probably ever will be in the future, the usual accompaniment of that very progress which their excess tends to retard.

Here, then, we would rest our case against the "historical school in the strict sense of the word," for I think it has been shown that, so far as they have accepted Darwin's "survival of the fittest" as a satisfactory explanation of social progress, they have assumed universal validity for a theory of progress, which at best has but limited application in the field of social phenomena. Secondly, that no complete understanding of the problem of social progress is possible without some acquaintance with those laws of rent, wages and profits which the orthodox economist labored so hard to formulate.

In conclusion let me add one word of caution. The distinction of the four estates, though valid enough, must not be too strenuously insisted upon. While a modern society may be *dominated* by any one of the three laws of progress, according to the stage of its

development, it is not probable that it will ever be entirely free from the action of the other two laws. This means, of course, that in any modern society all three forms of evolution are in operation at one and the same time, and it is this that must always render the study of social evolution such a difficult problem. On the other hand, a recognition of these three forms of progress and their mutual interaction will, I think, be found necessary to any hopeful investigation in the field of social evolution.

CHARLES W. MACFARLANE.

Philadelphia, Pa

PERSONAL NOTES

University of Chicago.—Dr. Henry Rand Hatfield has been advanced to the position of Assistant Professor of Political Economy at the University of Chicago.

He was born in 1866 at Chicago and received his early education in the Evanston public schools and the Northwestern University Academy. In 1883 he entered Northwestern University, where he remained until 1885, and during the next five years was engaged in the municipal bond business. He then returned in 1891 to Northwestern University, receiving the degree of A. B. in 1892. In 1894 he accepted the position of Instructor in Political Economy at Washington University, where he remained until 1898, and in the latter year was appointed Instructor in Political Economy at the University of Chicago. He attended the Universities of Chicago and Leipsic for post-graduate studies.

Dr. Charles Edward Merriam has been advanced from the position of Docent in Political Science to that of Associate at the University of Chicago.

He was born in 1874 at Hopkinton, Iowa. He received from Lenox College the degree of A. B. in 1893, and the same degree from the State University of Iowa in 1895. He then attended Columbia University, receiving the degree of A. M. in 1897. In 1899 he went abroad and studied at the Universities of Berlin and Paris, returning in 1900 to Columbia University, when he received the degree of Ph. D. During the year 1893-1894 he was a teacher in the Iowa public schools and was appointed in 1895 for one year Instructor in Lenox College. During the year 1897-1898 he was Fellow in Political Science at Columbia University and during the absence of Professor Dunning the following year substituted as Lecturer on Political Theories in that institution. For the two years 1900-1902 he was Docent in Political Science at the University of Chicago. Dr. Merriam is a member of the American Historical Association and of the American Academy of Political and Social Science.

He has written:

"Paine's Political Theories." Political Science Quarterly, September, 1899.

"The History of Theory of Sovereignty Since Rousseau." Columbia University Studies in Political Science, xii, 4. Pp. x, 232, 1900.

"State Government in New York." State Library Review of Legislation for 1901.

"Political Theory of Jefferson." Political Science Quarterly, March, 1902.

"The Political Theory of Calhoun." American Journal of Sociology, March, 1902.

Dr. Wesley Clair Mitchell, formerly Associate in Economics, at the University of Chicago, has been advanced to the position of Instructor.

Dr. Mitchell was born August 5, 1874, at Rushville, Ill., and received his early education in the Decatur (Illinois) public schools. He entered the University of Chicago in 1892, graduating in 1896 with the A. B. degree and then

entered upon graduate work at that University for the year 1896-1897. During 1897-98 he attended the Universities of Halle and Vienna, returning to Chicago in 1898, taking the degree of Ph. D. in 1899. Dr. Mitchell held a position in the United States Census Office in the Division of Methods and Results from 1899 to 1900, at which time he was appointed Assistant in Economics at the University of Chicago, and from 1901 to 1902 held the position of Associate.

Dr. Mitchell is the author of the following works:

"*Quantity Theory of the Value of Money.*" *Journal of Political Economy*, March, 1896.

"*Greenbacks and the Cost of the Civil War.*" *Ibid.*, March, 1897.

"*Value of the Greenbacks During the Civil War.*" *Ibid.*, March, 1898.

"*The Suspension of Specie Payments.*" *Ibid.*, June, 1899.

Columbia University.—Dr. James Wilford Garner has been appointed Lecturer on History at Columbia University, New York. He was born November 22, 1871, at Summit, Miss., and attended the public schools of Pike County in that State. His college education was obtained at the Agricultural and Mechanical College, Miss., where he received, in 1892, the degree of B. S. He was Principal of the Boguechitto (Miss.) High School during the two years 1894-1896. During part of that time he was State Teachers' Institute Conductor. He was a graduate student in History and Political Science at the University of Chicago from 1896 to 1898, and in the latter year was appointed Associate in History at the Bradley Polytechnic Institute, Peoria, Illinois, which position he held for two years. In 1900 he received the degree of Ph. M. from the University of Chicago. During the two years, 1900-1902, he was Fellow in Political Science in Columbia University, the first year being University Fellow and the second year being the first person to hold the George William Curtis Fellowship.

Dr. Garner is a member of the American Historical Association and of the Mississippi Historical Society. He has written:

"*Reconstruction in Mississippi.*" 423 pp. Macmillan Company, 1901.

"*The State Government of Mississippi During the Civil War.*" *Political Science Quarterly*, June, 1901.

"*Judicial Organization in the German Empire.*" *Ibid.*, September, 1902.

Charles Thaddeus Terry has been appointed Professor of Law in the Columbia University of Law. Mr. Terry was born at Albany, N. Y., in 1867, educated at the private and public schools, including the high school, of that city, graduated at Williams College in 1889, studied at Berlin, 1889 and 1890, and received the degree of LL. B. at Columbia in 1893. He was appointed Prize Lecturer at Columbia from 1893 to 1895, was lecturer on Equity Pleading, 1896-97, and lecturer on Contracts from 1897 to 1902.

Professor Terry is a member of the Phi Beta Kappa Society and of the Bar Association of New York City.

Cornell University.—Dr. Ralph C. H. Catterall has recently been appointed Assistant Professor of History at Cornell University, having held the position of Instructor in History at the University of Chicago since 1897.¹

¹ See ANNALS, v. 4, 8, p. 414, November, 1897.

Since that time Dr. Catterall has contributed critical notes to Larned's "Literature of American History" and has published in the Year-Book of the Chicago Bibliographical Society an article on "Some Recent Literature on Oliver Cromwell." He has now in press a book entitled "A History of the Second Bank of the United States," which is to appear as one of the volumes in the Decennial Publications of the University of Chicago.

Dr. Henry Augustus Sill has been appointed Assistant Professor of History at Cornell University, Ithaca, N. Y., being in charge of Ancient History.

He was born July 20, 1860, at New York City and received his early education in the Trinity School of that city. In 1884 he entered Columbia College, receiving the degree of A. B. in 1888. He then pursued graduate study at Columbia until 1891 and received from that University the degree of A. M. in 1889. He then went abroad, studying at the Universities of Oxford, Berlin, and Halle, receiving the degree of Ph. D. from Halle in 1900. Dr. Sill was appointed Tutor in History at the College of the City of New York in 1901 and was Assistant Professor of History at Hobart College 1901-1902. He is a member of the American Historical Association.

Dr. Sill has written:

"Untersuchungen über die platonischen Briefe, I Teil: Prolegomena."

Pp. 40. Halle a-S., 1901.

"Oxford Notes." Columbia University Quarterly. June and September, 1902.

Harvard University.—Professor William C. Ripley,² of Massachusetts Institute of Technology, has been appointed Professor of Economics in Harvard University. He will also act as Associate Editor of the Quarterly Journal of Economics. Professor Ripley has come to be regarded as an authority on statistical methods and on transportation. His contributions to the literature of anthropology have also won wide recognition. In connection with the elaboration of the courses in statistics a laboratory will be fitted up for practical field work and demonstration of statistical methods.

Professor Ripley has published as a part of the final report of the United States Industrial Commission, for which he acted as Expert Agent, a report on Transportation (260 pages), dealing with present railway problems and particularly with projected reforms of the Interstate Commerce Act. He has also in preparation a volume in the American Citizen Series (Longmans) on "American Railway Problems."

Indiana University.—Mr. Frederic Austin Ogg has been appointed Instructor in History at Indiana University, Bloomington.

He was born at Solisberry, Ind., February 8, 1878, and attended the public schools at Greencastle, Ind. He entered DePauw University, Greencastle, in 1895 and four years later received the degree of Ph. B. He then became a post-graduate student at the University and received the degree of A. M. in 1900. Mr. Ogg held the position of Instructor in History at the Manual Training High School of Indianapolis until his present appointment. He is a

² See ANNALS, vol. xviii, p. 299, September, 1911.

member of the American Historical Association and of the Phi Beta Kappa Society.

Mr. Ogg's published works are:

"Jay's Treaty and the Slavery Interests of the United States." Annual Report of the American Historical Association, 1901.

"The Law of Nations." Chautauquan, October-November, 1901.

"On the Literary Decline of History." Dial, April 1, 1902.

University of Minnesota.—Dr. William A. Schaper³ has been advanced to the position of Assistant Professor of Political Science at the University of Minnesota.

University of Missouri.—Dr. Isador Loeb⁴ has been appointed Professor of Political Science and Public Law at the University of Missouri, Columbia, having held the chair of Professor of History in that institution since September, 1901.

University of Nebraska.—Mr. Comadore Edward Prevey⁵ has been advanced from the position of Lecturer in Sociology to that of Instructor at the University of Nebraska. He is also Resident in charge of the new College Settlement at Lincoln.

Princeton University.—Mr. Edward Lawrence Katzenbach has been appointed Instructor in Political Economy at Princeton University.

Mr. Katzenbach was born October 21, 1878, at Trenton, N. J. He obtained his early education at the New Jersey State Model School, Trenton, graduating in 1896. The same year he entered Princeton University, graduating from the academic department in 1900 with high honors in History, Jurisprudence and Politics and receiving the degree of B. A. From 1900 to 1902 he attended the Princeton University Graduate School, doing work in History and Political Economy. He was Bondinot Fellow in History, 1900-1901, and South East Club University Fellow in Social Science, 1901-1902. Mr. Katzenbach received the degree of M. A. from Princeton University in 1901.

Smith College.—Mr. James Nickel Williams has been appointed Instructor in Sociology and Economics at Smith College, Northampton, Mass.

He was born at Sangerfield, N. Y., June 22, 1876, and received his early education in the public schools of Waterville, N. Y. From 1894 to 1898 he attended Brown University, receiving in the latter year the degree of A. B. He then pursued graduate study at the Columbia University School of Political Science and at the Union Theological Seminary, receiving from the latter institution the degree of B. D. in 1901. During the year 1901-1902 he was University Fellow in Sociology at Columbia University.

Western Reserve University.—Dr. A. A. Young⁶ has been appointed Instructor in Economics in the Adelbert College and College for Women of the Western Reserve University, Cleveland, Ohio.

³ See ANNALS, vol. xviii, p. 299, September, 1901.

⁴ See ANNALS, vol. xviii, p. 310, September, 1901.

⁵ See ANNALS, vol. xviii, p. 301, September, 1901.

⁶ See ANNALS, vol. xviii, p. 315, September, 1901.

University of Wisconsin.—Mr. Max Otto Lorenz has been appointed Assistant in Economics at the University of Wisconsin, Madison.

He was born September 10, 1876, at Burlington, Iowa, and received his early education in the public schools of that place. He attended the University of Iowa, 1896 to 1899, receiving the degree of A. B. From 1899 to 1901 he was teacher of History and Economics in the Burlington High School and during the year 1901-1902 was a graduate scholar in Economics at the University of Wisconsin.

Yale University.—Dr. Albert Galloway Keller has been appointed Assistant Professor of the Science of Society in Yale University. Dr. Keller was born at Springfield, O., in 1874, received his early education in the public schools of that city, of Milford, Conn., and in the high school of New Haven. Graduating from Yale in 1896, he received the degree of Ph. D. in 1899, acted as an Assistant and Instructor in Social Science from 1899 to 1902. He has also been a member of the editorial board of the *Yale Review* since 1902. His published works are as follows:

"*Homeric Society, A Sociological Study of the Iliad and Odyssey.*" Longmans, 1902. Crown 8vo. Pp. 332.

"*Italian Expansion and Colonies.*" In *Yale Review*, August, 1900.

"*Italy's Experience with Colonies.*" Publ. Am. Econ. Assn. (Essays in Colonial Finance), August, 1900.

"*The Beginnings of German Colonization.*" In *Yale Review*, May, 1901.

"*The Colonial Policy of the Germans.*" I and II. In *Yale Review*, February and May, 1902.

[These four articles were reprinted together in a small edition, under the title of "*Essays in Colonization.*" New Haven, 1902.]

The following brief signed articles:

"*Sociology and the Epic.*" Am. Jr. Sociology, September, 1900.

Notes, translations from foreign (Scandinavian, etc.) journals and book reviews (signed) in *Yale Review*, *THE ANNALS*, *American Anthropologist*, *American Journal Sociology*, *Journal of Statistics*.

ITALY.

Royal University of Cagliari, Italy.—Dr. Francesco Racioppi has been recently appointed Ordinary Professor of Constitutional Law in the Royal University of Cagliari. Dr. Racioppi was born at Moliterno (Potenza), October 3, 1862. He obtained his collegiate and graduate training in Naples, ending his studies in 1881. He was employed many years as private secretary to the Minister of Public Works, to the Minister of the Interior, as Secretary and as Librarian of the Council of State. Since 1894 he has been Privat-Docent in the University of Rome.

His published works, all in Italian, include:

"*Proportional Representation.*" 1883.

"*Governmental Machinery of All the Free States of Europe.*" 1890.

"*Governmental Machinery of All the Free States Outside of Europe.*" 1892 (see *ANNALS*, III, 658).

"*New Checks and Balances in the United States Institutions.*" 1894 (see ANNALS, VII, 481).

"*Forms of State and Forms of Government.*" 1898.

"*Commentaries on the Constitution of the Kingdom of Italy.*" 1901.

IN ACCORDANCE with our custom we give below a list of the students in political and social science and allied subjects on whom the degree of Doctor of Philosophy was conferred at the close of or during the last academic year.⁷

University of Chicago.—Katherine Elizabeth Dopp. Thesis: *The Place of Industry in Elementary Education.*

Edward Cary Hayes. Thesis: *The Sociologists' Object of Attention.*

Edgar Holmes McNeal. Thesis: *Minors and Mediocres in Germanic Tribal Codes.*

Paul Frederick Peek. Thesis: *The Development of the Theory of Succession Under the Early Norman Kings.*

George Clarke Sellery. Thesis: *The Suspension of Habeas Corpus during the Civil War.*

Columbia University.—Marianna Catherine Brown, B. A. Thesis: *Sunday-school Movements in America.*

Stephen Pierce Hayden Duggan, M. S., M. A. Thesis: *The Turkish Question: A Study in Diplomacy.*

James Wilford Garner, B. S., Ph. M. Thesis: *Reconstruction in Mississippi.*

Yetaro Kinoshita, M. A. Thesis: *The Past and Present of Japanese Commerce.*

Newton Dennison Mereness, M. A.

Ulrich Bonnell Phillips, M. A. Thesis: *Georgia and State Rights.*

Charles Lee Raper, B. A. Thesis: *North Carolina; a Royal Province.*

Frank Rollins, B. A. Thesis: *School Administration in Municipal Government.*

Mabel Hurd Willett, B. L. Thesis: *The Employment of Women in the Clothing Trade.*

Cornell University.—Eloise Ellery, B. A. Thesis: *Jacques Pierre Brissot: A Study in the History of the French Revolution.*

Lillian Wycoff Johnson, B. A. Thesis: *Calvin and Religious Tolerance.*

Illinois Wesleyan University.—George Wakeman Andrews, B. A.; Walter Gidinghagen, B. L.; Isaac Hunter McDonald, M. A.; Joseph Waite Presby, M. A.; James Marshall Skinner, Ph. B.; David Barclay Walthall, B. A.

Johns Hopkins University.—George Cator, B. A. Thesis: *A Short Discussion, Historical, Descriptive and Critical, of Trust Companies in the United States.*

⁷ See ANNALS, vol. i, p. 292, for academic year, 1880-90; vol. ii, p. 253, for 1890-91; vol. iii, p. 241, for 1891-92; vol. iv, p. 312 and p. 466, for 1892-93; vol. v, p. 282 and p. 419, for 1893-94; vol. vi, p. 300 and p. 482, for 1894-95; vol. viii, p. 364, for 1895-96; vol. x, p. 256, for 1896-97; vol. xii, p. 262 and p. 411, for 1898-99; vol. xiv, p. 227, for 1899-1900; vol. xvi, p. 283, for 1900-01; vol. xviii, p. 276, for 1901-02.

James Warner Harry, B. A. Thesis: *The Maryland Constitution of 1851.*

Charles Snively, B. A. Thesis: *A History of the City Government of Cleveland, Ohio.*

University of Minnesota.—Rev. George F. Wilkin, B. A.

University of North Dakota.—Clarence Beck, M. A.

University of Pennsylvania.—Leonard Anderson Blue, Ph. B. Thesis: *The Relation of the Governor to the Organization of Executive Power in the States.*

Frank Edward Horack, Ph. B., M. A. Thesis: *The Organization and Control of Industrial Corporations.*

George Daniel Luetscher, B. L. Thesis: *The American Voter (1788-1840).*

Frank Julian Warne, M. A. Thesis: *Labor Conditions and Wages in the Anthracite Mines.*

James Field Willard, B. S. Thesis: *The Royal Authority and the Early English Universities.*

University of Wisconsin.—Benjamin H. Hibbard, B. S. A. Thesis: *The History of Agriculture in Dane County, Wisconsin.*

Lawrence M. Larson, M. A. Thesis: *The Household of the English Kings before the Norman Conquest.*

Allyn A. Young, Ph. B. Thesis: *Studies in Age Statistics.*

University of Wooster.—Rev. J. B. Cherry, M. A. Thesis: *Moral Reform as Related to Social and Political Philosophy.*

Rev. A. F. Ernst, M. A. Thesis: *The Tendency to a More Centralized Government in the United States.*

Rev. S. S. Estey, M. A. Thesis: *Democracy and Progress.*

Rev. J. C. Laughlin, M. A. Thesis: *Commercial Feudalism.*

Herbert J. Turner, M. A. Thesis: *The Shadow which Threatens the Commonwealth.*

Yale University.—Kan-Ichi Asakawa, B. L. Thesis: *The Reform of 645—an Introduction to the Study of the Origin of Feudalism in Japan.*

Chalfant Robinson, B. L. Thesis: *The Reciprocity Treaty with Canada in 1854.*

Maurice Henry Robinson, B. L., M. A. Thesis: *The Consolidation of Industry in the United States.*

FOR THE academic year 1902-03, appointments to fellowships and post-graduate scholarships have been made in the leading American colleges, as follows:

Bryn Mawr College.—*Fellowship in Political Science*, Mabel Atkinson, M. A. *Scholarships, in History*, Helen Henry Hodge, B. A., and Grace Albert, B. A.; *in Political Science*, Sara Henry Sites, M. A.

University of Chicago.—*Fellowships, in History*, Ellen Bessie Atwater, Mayo Fesler, Elmer Cummings Griffith, Marcus Wilson Jernegan, Harlow

Lindley and William Ray Manning; in *Political Economy*, Charles Criswell Arbutnot, James Alister Donnell, Francis Levi Farewell, Robert Franklin Hoxie, Murray Shipley Wildman; in *Political Science*, Walter Fairleigh Dodd, Burton L. French and Augustus Raymond Hatton; in *Sociology*, Robert Morris, Eben Mumford and Thomas James Riley. *Scholarships*, in *History*, Frederick Dennison Bramhall; in *Political Economy*, Harry Clayton Leemon.

University of Cincinnati.—*Fellowship in Economics*, Eugene Ewald Agger, M. A.

Columbia University.—*University Fellowships*, in *Administrative Law*, Harold Martin Bowman, LL. B., B. L., M. A.; in *American History*, Henry Russell Spencer, M. A.; in *Constitutional Law*, Samuel Peter Orth, B. S.; in *Economics*, Walter Ernest Clark, M. A.; in *European History*, William Kenneth Boyd, M. A.; in *Finance*, Robert Brenson Olsen, M. A.; in *Sociology*, Michael Marks Davis, Jr., B. A. *Honorary Fellowships*, in *Economics*, Henry Raymond Mussey, B. A.; in *Finance*, Royal Meeker, B. S. *Annual Fellowship in American History*, Susan Myra Kingsbury, M. A.; *George William Curtis Fellowship*, Charles Austin Beard, Ph. B.; *Schiff Fellowship*, George Charles Selden, B. A., LL. B. *President's University Scholarships*, in *American History*, Austin Baxter Keep, M. A.; in *Economics*, Charles Emil Strangeland, B. A.; in *Economics and Finance*, Guy Edward Snider, B. L.; in *European History*, Robert I. White, B. A.; in *History*, Beverly Waugh Bond, Jr., M. A., Paul Leland Harworth, M. A., and Ralph Barlow Page, M. A.; in *Political Economy*, Harry Theodore Johnson, B. A.; in *Political Science*, William Brown Griffin, B. A.; in *Sociology*, Arthur Dougherty Rees, B. S., Henry Kirkland Smith, B. A., and Ray Walter Thompson, B. A.

Cornell University.—*Fellow in American History*, James William Putnam, B. S., Ph. B., M. A.; *Fellows in Political Economy*, Albert Charles Muhse, M. A., and George Pendleton Watkins, B. A.; *President White Fellows*, in *History*, Garrick Mallory Borden, B. S.; in *Political Science*, Willard Eugene Hotchkiss, Ph. B.; *Graduate Scholar in History*, Albert Ten Eyck Olmstead.

Johns Hopkins University.—*Fellows*, in *Economics*, Yukimasa Hattori; in *History*, Elbert Jay Benton, B. A.; *Hopkins Scholarships*, J. L. Bost, B. A., O. P. Chitwood, B. A., H. J. Eckenrode, B. A., and H. M. Wagstaff, Ph. B.

Ohio State University.—*Emerson McMillin Fellowship in Economics*, C. C. Huntington, Ph. B.

University of Pennsylvania.—*Senior Fellow on the George Leib Harrison Foundation*, in *American History*, Claude Halstead Van Tyne, Ph. D. *Fellows at Large*, in *American History*, Isaac Joslin Cox, B. A.; in *Sociology*, Carl Kelsey, B. A. *Fellows on the George Leib Harrison Foundation*, in *American History*, Frederick Logan Paxson, B. S.; in *Economics*, James Russell Smith, B. S.; in *European History*, Arthur Guy Terry, Ph. B.; in *Political Science*, William Backus Guiteau, Ph. B. *Fellow in European History on the Frances Sergeant Pepper Foundation*, Edith Cathryn Lyle, M. L.; *Special Fellow in Sociology*, Benjamin C. Marsh.

Princeton University.—*Boudinot Fellow in History*, F. R. Whitman, B. A.; *South East Club University Fellow in Social Science*, E. L. Katzenbach, M. A.

Queen's University, Kingston, Ontario.—*Fellow in Political Science*, A. Calhoun, M. A.

Syracuse University—*Mantagne Fellowship in Sociology*, Melba C. Rhodes, Ph. B.

University of Texas.—*Fellowships in History*, Ethel Zivley Rather; in *Political Science*, Charles Shirley Potts, M. A. *Tra H. Evans Fellowship in Political Science*, Alexander Deussen. *Student Assistantship in History*, Lewis Johnson.

University of Wisconsin.—*University Fellowships in American History*, R. C. Clark, M. A.; in *Economics*, J. G. Rosebush, M. A.; in *European History*, Florence B. Mott, B. A.; in *Political Science*, J. D. Barnett, B. A. *Social Settlement Fellowship in Sociology*, Rosa M. Perdue, M. A.; *Wisconsin University Settlement Fellowship in Sociology*, J. E. Boyle, M. A. *University Scholarships in American History*, R. W. Haight, B. L.; in *Economics*, Solomon Hubner, B. L.; in *European History*, L. J. Paeton, B. L.; in *Municipal Government*, Y. Sakagami, M. L.; in *Political Science*, K. Kawakami, LL. B. *Pennoyer Scholarship in Economics*, H. E. French, B. S.

Yale University.—*University Fellowships in Economics, Social Science and History*, Gilbert G. Benjamin, Ph. B.; James E. Cutler, B. A.; Frederick R. Fairchild, B. A. *Bulkeley Fellowship in History*, William S. Robertson, M. L. *Eldridge Fellowship in History*, Rest Fenner Smith, Jr. *University Scholarships in Economics, Social Science and History*, Walter M. Adriance, B. A.; Robert T. Kerlin, M. A.; Oliver P. McAuley, M. A.; Charles S. Thompson, B. A.; Curtis H. Walker, B. A.; George A. Warfield, M. A.

BOOK DEPARTMENT

NOTES.

PROFESSOR ABBOTT'S *Roman Political Institutions*¹ is a very convenient and trustworthy manual. The author's aim has been "to give a connected view of the development of the constitution from the earliest times down through the accession of Diocletian." For the monarchical, republican, and imperial periods respectively, he gives first an historical account of the development of the constitution and then a description of its various elements. For many of his statements he gives direct references to the sources on which they are based; at the end of each chapter there is a select bibliography of modern works. His definitions are very clear. For some controverted points possibly he has relied too fully upon Mommsen's great authority, and for the early periods he does not seem to have used Pais as fully as might have been desirable. But the work as a whole forms an admirable introduction to the subject, and from the works cited in the bibliographies the student can easily learn the other points of view. The appendixes present illustrative documents and extracts from Latin writers who described political institutions. This convenient volume ought to lead to more intelligent courses in Roman history than those usually given in our high schools and colleges.

INTEREST IN commercial geography has increased so rapidly in the past few years that teachers have had great difficulty in finding adequate library material or guides to available sources, while of text-books there have been practically none. Mr. Adams has rendered valuable service in his text-book on general commercial geography, and he has made the best book yet issued for our schools.²

His method of treatment is essentially by countries, yet he has wisely departed from this plan in giving a topical treatment of the more important products of commerce, treating each product under the country in which it has its maximum development. This gives the United States the generous allowance of eleven chapters out of forty-eight.

The book is replete with useful data of commerce. It is a model of condensation and yet not dry; is strictly up to date, well balanced and American in point of view. An excellent feature is the wealth of little maps and diagrams,—accurate, well drawn and legible. The illustrations are well chosen and admirably reproduced.

¹"A History and Description of Roman Political Institutions." By F. F. Abbott. Pp. viii, 4 7. Price \$1.00. Boston: Ginn & Co., 1901.

²"A Text-book of Commercial Geography." By Cyrus C. Adams. 12mo, pp. xx, 505. Price, \$1.30. New York: D. Appleton & Co., 1901.

For teachers in secondary schools, and for the general reader who wants a broad outlook on the world's commerce, the book can be recommended without hesitation.³

"THE AMERICAN FEDERAL STATE"⁴ is the title of a good text-book on civics, recently issued by the Macmillan Company. While unnecessarily long, the book will yet be found helpful because of the references, questions and convenient arrangement of materials which characterize it. The three parts into which the work has been divided treat respectively of the historical development, the organization of government, and the policies and problems of the American Union. Included under the latter head are such practical subjects of discussion as suffrage and elections, the political party, constitutional rights, taxation, money, trade and industry, foreign affairs, and the duties of citizenship. In covering all these subjects the book has naturally been given the appearance of superficial treatment; but for the student who is taking up a course on government for the first time, such a general view of the field should prove advantageous. Those portions of the work which deal with the national government are much superior to those treating of the State and local governments. In his discussion of the local systems particularly the author has not progressed much beyond what might be called the New England viewpoint of American government. The county system, for example, is considered under the captions, the New England County, the Southern County, and the County in General. The chapters on various political problems of the present form an agreeable and valuable addition to a text-book on civics, and are well written. Especially creditable is the discussion of the political party. It is high time that writers of American text-books on government should describe our political system as it is, rather than as it is written. "The American Federal State" marks a welcome departure in this respect.

PROFESSOR BARTON,⁵ of Bryn Mawr College, well known among Semitists for his philological and archaeology contributions, has produced a book which appeals to a larger public. "Semitic Origins," while dealing primarily with a new theory as to the earlier importance of female deities worshipped by the Semites, contains also several chapters which will be of special interest and value to students of economics. In the chapter on "The Cradle of the Semites," the reader will find a full and reliable discussion of the controversy that has waged for some time among scholars as to the original home of the Semites. Professor Barton assumes two homes, one in Africa before the separation of the Semites from the Hamites, the other after the separation in Arabia. There is much to be said in favor of this view. That the Semites and Hamites once formed a unit no longer admits of any doubt. The evidence

³ Contributed by Dr. J. Paul Goode, University of Pennsylvania.

⁴ By Roscoe Lewis Ashley, A. M. Pp. 500. New York: Macmillan Company, 1902.

⁵ "A Sketch of Semitic Origins—Social and Religious." By George Aaron Barton. Pp. 342. Price, \$3.00. New York: Macmillan, 1902.

of language comes to reinforce ethnological testimony and historical tradition, but at the same time it must be borne in mind that, for historical purposes, the Arabian home of the Semites represents a limit beyond which it is needless to go. It was in Arabia that the groups were formed that ultimately poured themselves out of the desert into the Euphrates valley, and spread in successive ways throughout Mesopotamia into Syria and Palestine, and in so far as the cultures produced by the Semites are to be accounted for through ethnical traits, it is in the study of social conditions in ancient Arabia that the student must seek his material.

Of special value to the student of economics is the second chapter on "Primitive Social Life," devoted to an account of clan organization among the Semites in Arabia and to traces of polyandry and of the matriarchate among them. He shows conclusively that the various types of polyandry recognized by anthropologists must all at one time have been current, and it is for economists to say how far the evidence so ingeniously deduced from the Old Testament, the cuneiform inscriptions and Arabic writers bear out the theory of Professor Keasbey (with which Barton starts out) as to the economic origins of society. No less interesting are Barton's deductions from the importance of the date palm in Arabia, the artificial fertilization of which was known to the ancient Arabs. Again, the last chapter is to be commended to the notice of economists as a succinct and admirably conceived summary of the general influence of the social and religious institutions of the Semites, though a portion of the chapter is bound up with the theory above referred to. The general point of view from which the author treats his subject, the attempt to show the connection between economic conditions and religious beliefs as applied to the Semites, is novel, and marks a departure in a field of investigation in which Barton is one of the most active workers. Naturally the thesis maintained by the author still remains to be tested, but quite apart from this, the material gathered by Professor Barton makes his book a valuable contribution to an important theme, though it is but proper to add for those who are not specialists in Semitic antiquities that the interpretations put by Professor Barton upon his evidence should, in many cases, be separated from the facts themselves.⁶

"THE TEACHING OF HISTORY AND CIVICS IN THE ELEMENTARY AND THE SECONDARY SCHOOL" is a helpful work, which should be perused by history teachers in our grammar, preparatory and high schools. The author discusses, in an interesting way, the methods and aim of history and civics, shows the intimate relation of the two subjects, and also the necessity for a separate course on civics. His remarks on the practical value and object of the latter subject deserve careful thought: "The chief problem connected with civics, therefore, is to use the subject effectively in giving these young pupils some insight into the organization of the communities in which they live, in showing

⁶ Contributed by Prof. Morris Jastrow, Jr., University of Pennsylvania.

⁷ By Professor Henry E. Bourne, Western Reserve University. Pp. 385. Price, \$1.50. New York: Longmans, Green & Co., 1912.

them the cost of each institution in the efforts and sacrifices of past generations, and in quickening and making permanent their interest in public life, and their sense of responsibility to their fellows." If this view were to obtain the wide acceptance which it deserves, the meaningless practice of merely memorizing the United States Constitution without further study would be abandoned.

Professor Bourne gives, in the body of the work, an excellent and detailed discussion of the best courses of study for ancient, Roman, Greek, mediæval, European and United States history respectively.

"ARNOLD'S EXPEDITION TO QUEBEC" is a posthumous work of John Codman, 2d.⁸ As a part of the preparation for his work, the author followed, either on foot or by canoe, nearly the entire course of Arnold's expedition. As a consequence, he gained a vivid realization of the difficulties of the undertaking, and an intimate knowledge of the topography of the country. The story of the obstacles encountered, and the privations and fortitude of both the commander and his troops, is clearly and interestingly told. This is supplemented by an account of the operations before Quebec and the disastrous ending of the enterprise. A fuller treatment of the political side of the undertaking would have been desirable. The volume is illustrated by two maps and several cuts made from photographs. The work bears testimony to the intelligent enthusiasm of its lamented author.⁹

M. EMILE DUCLAUX, director of the Pasteur Institute in Paris, has just published a volume containing, along with some additional material, his course of lectures on "Social Hygiene,"¹⁰ at the *Ecole des Hautes Etudes sociales*, last winter. In this book diseases are regarded from the point of view of their effects on society, and with a view to suggesting more effective means for preventing or combatting diseases that present grave social dangers. The community has the right and the duty, according to M. Duclaux, to consider certain contagious diseases as a permanent menace, and to oblige persons suffering from these diseases not to endanger the lives or security of others. But society is very poorly armed against offenders of this kind, inasmuch as they are not always readily detected, and they are hard to reach effectively before it is too late. The tactics to be adopted must vary according to the nature of the malady; some patients are kept confined at home in consequence of their affliction, while others are able to have intercourse with their fellow-citizens without detection and yet spread contagion abroad.

As belonging to the first of these classes, the author investigates small-pox and typhoid fever; the second class is represented by syphilis and tuberculosis. Beside these diseases, which are of great social importance,

⁸ Pp. 340. Price, \$2.25. New York: The Macmillan Company, 1901.

⁹ Contributed by Dr. Herman V. Ames, University of Pennsylvania.

¹⁰ "*L'Hygiène sociale*," By Emile Duclaux. (Bibliothèque générale des sciences sociales.) Pp. iv, 271. Price, 6 francs. Paris: Alcan, 1902.

and therefore worthy of the study of sociologists, the author gives a remarkably clear and sensible discussion of alcoholism. Coming from so eminent an authority as Pasteur's successor, the thesis that alcoholism intensifies and hastens the disastrous effects of other diseases, and that it is a disease of the will having visible and far-reaching social consequences, is more unimpeachable than ever. More original thoughts, however, are contained in the sections treating of the contagious character of tuberculosis and of the terrible spread of syphilis.

"THE ITALIAN RENAISSANCE IN ENGLAND"¹¹ is a welcome volume, because of the lack of research in the field of Anglo-Italian relations, in general, during the fifteenth and sixteenth centuries.

The studies are arranged in two groups. The first contains four chapters on The Scholar, The Courtier, The Traveler, and The Italian Danger, respectively. These trace the growth of culture as English students and travelers took it home from Italy and the later revolt against the "Italianate Englishman" in the rising nationalism. The second part consists of chapters upon the Italians in England: Churchmen, Artists and Travelers; The Italian Merchant in England; Italian Political and Historical Ideas in England, and The Italian Influence in English Poetry. This arrangement is of questionable wisdom. It is mixed. The Courtier might well follow Chapter VII as Italian Court Ideas in England. Appendix I, English Catholics in Rome, deserves a place in the body of the book. And certainly the chapter on The Italian Danger, which deals with hatred against foreigners and the decay of Italian influence, should not be in the middle of the book, with several chapters on the growth and interpretation of that influence still to come. In addition there are, beside the appendix just named, English Accounts of Italy in the Sixteenth Century, Italian Accounts of England in the Sixteenth Century, and a bibliography of manuscripts and printed sources.

There is much in the book already well known to the specialist on the Renaissance period. Of course, a work on such a broad subject as that of which Mr. Einstein treats must include the commonplace. But there are many new points brought out from manuscripts heretofore unused and from printed sources little known in this country. In the preface the author says that, while it may seem idle to go over the oft-told story of Italian domination of English literature, he may be able to add new ideas and suggestions. He keeps his promise, not only for that particular chapter, but for all. He is willing to accept the information or conclusions of other reliable students, but he adds something of his own to strengthen the point. In a field where so many writers are tempted to gush and guess, he is careful. His enthusiasm in his subject is evident, and it is well guarded by a proper respect for sources and references. His imagination is not so highly developed as that of the usual student of the Renaissance, but his historical sense and training are better.

¹¹ By Lewis Einstein. Pp. 420. Price, \$1.50. New York: The Macmillan Company, 1902.

"THE STORY OF THE MIDDLE AGES"¹² is a very readable book, by Professor Harding, written for the younger students. The narrative is enlivened by many anecdotes and bits from the chronicles, which make the story seem more real. By actual trial we have found that children do enjoy it, and that is the real test of such a book.¹³

"HISTORY OF RATIONALISM,"¹⁴ by John Fletcher Hurst, D. D., LL. D., includes a detailed history of German rationalism subsequent to the Reformation and a less thorough review of the rationalism of Holland, France, Switzerland, England and the United States. In the present revised edition the author has brought his subject down to the present day, and considerably extended his bibliography. The spirit in which the work is conceived may be inferred from the author's statement: (1) that infidelity presents a systematic and harmonious history; (2) that a history of a mischievous tendency is the very best method for its refutation and extirpation; (3) that of rationalism it may be affirmed, as of all phases of infidelity, that it is not in its results an unmixed evil, since God overrules its work for the unification and progress of His church (2, ff.). It is perhaps useless to urge against an effort to arrive at a foregone conclusion that it has neglected material; for example, that a just estimate of the motives of the critical philosophy of Germany cannot be formed on the basis of manuals, or that the tendency of modern scientific thought cannot be judged from the chance utterances of the speculative scientist. In the end we may admit that, while a partisan spirit spoils the historian, the historical plan greatly dignifies the partisan.¹⁵

MONTESQUIEU OWES HIS eminence among thinkers of the eighteenth century principally to his social and political theories. From the exclusive point of view of the economist, his work has seemed to possess little value when compared with the overshadowing importance of Adam Smith, whose "Wealth of Nations" was published thirty years after the "Esprit des Loïs." M. Charles Jaubert has recently attempted, in an interesting volume,¹⁶ to point out Montesquieu's merit and originality as an observer of economic facts and a shrewd thinker on many economic problems. Montesquieu, moreover, because of his insistence upon the existence of certain cognizable uniformities in economic life, *i. e.*, upon the existence of "natural laws" in economics, paved the way for the establishment of a truly scientific political economy. He represents, as it were, the transition from the physiocrats to the classical school of economists.

¹² Pp. 224. Price, 60 cents. By Samuel B. Harding, Ph. D. Chicago: Scott, Foresman & Co., 1901.

¹³ Contributed by Prof. Dana C. Munro, University of Wisconsin.

¹⁴ Revised edition. Pp. xix, 633. Price, \$2.50. New York and Cincinnati: Eaton & Mains, 1901.

¹⁵ Contributed by Dr. Edgar A. Singer, University of Pennsylvania.

¹⁶ "*Montesquieu économiste.*" Thèse pour le doctorat. By Charles Jaubert. Pp. v, 218. Aix (B. Niel) 1901.

HOMERIC SOCIETY¹⁷ will be of interest to those students of sociology whose efforts to interpret and classify the societies of the past have been continually arrested because the necessary data were not available. The facts are hidden away in national epics and monuments, which require adequate knowledge of languages for proper interpretation, or in commentaries and studies of scholars whose interest is rather literary and philological than economic and social. There has accordingly been a growing demand for a painstaking analysis of this material,—one which would furnish information regarding the simple but important details of the daily life of ancient peoples. Dr. Keller, in his "Homeric Society—a Sociological Study of the Iliad and Odyssey," has given us a valuable book of this kind. As a Greek scholar Dr. Keller is equipped with the necessary technical knowledge, and as a student of sociology he also possesses ample preparation for his task. The value of the work lies in the author's recognition that the service of the investigator is to be found in setting down evidence as it exists rather than attempting to fit statements to systems. This is shown, for example, in his treatment of the possession of property in land, a subject which has occasioned so much controversy in connection with communal land holding. While he considers it a mere intellectual exercise to formulate theories from isolated passages, Dr. Keller finds the property system consistent and natural. The Greeks of Homer's time were passing through a transitional stage, in which "land tenure was approaching through a quasi-feudal system, the stage of private holding."

The author starts out from two working hypotheses: "first, that the evidence of Homer concerning the Homeric Age is direct and accurate, and, second, that this evidence has to do with a single culture epoch, and, in the main, with a single people." The importance of Eastern influence is emphasized, and the part of the chapter on ethic environment, dealing with "What Homer Knew of the Phœnicians," is of special interest. What Homer has learned excites his imagination, and as a result we have the wonder tales of the two poems. Thanks are due to the author for his careful extraction of details regarding the industrial organization,—the food, and its manner of preparation; the clothing, the houses, the occupations, the manufactured goods possessed and the trading. "In the study of Homeric Greece the conviction is almost forced upon one that the age is one of *beginnings* in the appropriation of gifts from an older culture world. The lower culture stage is alert and eager to give; for in that giving lies its own reward. Influence is exerted with exceeding strength upon the economic basis of society; but not as yet do marked changes in the secondary social forms betray this fundamental modification."

Religious ideas and usages, property, marriage and the family, government, classes, justice and law are treated with a careful analysis, which emphasizes the industrial and economic basis of Homeric society in relation to the social.

¹⁷ "Homeric Society—A Sociological Study of the Iliad and Odyssey." By Albert Galioway Keller, Ph. D. Pp. viii. 332. Price, \$1.20. New York: Longmans, Green & Co., 1902.

Dr. Keller finds the marriage ideas moulded by the patriarchy, but the evidence shows that family power based on the patriarchal relations was crumbling away. Throughout the bearing of the different stories of the Iliad and the Odyssey as illustrations of social customs is aptly indicated.

A bibliography and valuable indices of representative passages are appended.

"THE LEVEL OF SOCIAL MOTION"¹⁸ is a work in which the author's aim has been "to discuss a law of social motion which shall harmonize the bewildering facts of human history, account for the apparently inconceivable contradictions between human aspirations and human injustice, and foreshadow the future of human society in its moral, intellectual, and economic forms." To accomplish this rather startling task the author has written nearly 600 pages, a great deal of which is unsound, and much of which is true but trite. The author further says in his preface that the book is addressed "to the man and to the woman of average education," and in this the author has accomplished his purpose, as ordinarily abstruse subjects are handled in such a manner that they will be comparatively easy of comprehension to those of moderate intellectual attainments.

Facts from sociology, economics, political science, ethics, psychology and philosophy are marshaled together in a strange admixture to build up his social philosophy, while in no one of these fields has the author thoroughly digested the literature. On page 12 we are told concerning sociology that, if "the word means anything, it should signify the 'science of society.' But even those who call themselves sociologists, and who permit others so to designate them, would be more properly described by the term 'socioeconomists,' i. e., men who arrange the material with which sociology must deal." On page 15 he says that sociologists "bear the same relation to true social science that astrologers bear to astronomy." On page 54 we are told that "the normal man desires as much freedom as possible in supplying the wants of his body, and in mating with a woman who shall rear him a family. The science of economics is based on the energies of men exerted for the purpose of satisfying these two desires." Comment is unnecessary.

The two conflicting schools of thought upon social evolution are described as individualism or anarchy, and socialism or collectivism. Mr. Spencer is referred to as the great leader of the former and Karl Marx the latter. In his discussion and interpretation of evolution the author seems to be a thorough-going follower of Mr. Spencer, although he departs radically from him with respect to the scope and functions of the state.

On page 44 the author places himself on Hedonistic grounds with the statement that "if we say then that *happiness* is the end and purpose of the actions of individual men, we shall postulate that with which all men will readily agree." If this is self-evident, why the discussion on the Hedonistic

¹⁸ "An Inquiry Into the Future Conditions of Human Society." By Michael A. Lane. Pp. 577. Price, \$2.00. New York: The Macmillan Company, 1902

system of ethics? And why does the author devote several pages to showing why the above statement is true?

The most valuable part of the work consists in his economic interpretation of history. Not all the advocates of this theory, however, would follow the author in a great deal of his discussion on this subject, and perhaps few would be so hopeful as to the future of society. He predicts much greater economic equality of men, and of men and women, and claims that society is tending toward a stationary number of population.¹⁹

M. COVILLE IS THE AUTHOR of the first half of Volume IV of Lavissee's "History of France,"²⁰ of which the preceding volumes have been already noticed. This is an admirable and fascinating book. It treats of the first Valois and the Hundred Years' War to the proclamation at Saint-Denis of Henry VI. as King of France and England. The researches of the last twenty years have brought to light new documents and new facts, so that the history of this period has been entirely rewritten. No one of the older historians is at all satisfactory. M. Coville's work is marked by a careful consultation and citation of the most recent books and articles. His contrast of the respective resources of France and England shows clearly the reasons for the success of the English during the early years of the war. The dramatic scenes and personages, the rise of the people, the ravages of the Free Companies, the horrors of the Black Death are vividly portrayed. Brief extracts from the sources are frequent, and enable us to understand the attitude of the actors. The intellectual life is briefly but adequately described. It is interesting to note that, although the king was greatly interested in building up the royal library at the Louvre, only about 210 volumes were added in the period of thirty-one years, from 1380 to 1411; an average of seven books a year. The character of the age as a whole is admirably summarized by M. Coville: *L'époque de la guerre de Cent Ans fut une crise terrible dans notre vie nationale. Les souffrances matérielles furent atroces, et le désordre moral prodigieux, dans l'Eglise, dans l'Etat, dans la société, partout. Aucun guide n'apparaissait; aucune espérance n'était permise; c'était la fin confuse d'un ancien monde, un crépuscule, sans pressentiment d'aurore. L'activité intellectuelle ne savait où se prendre; elle avait des percées de génie naturel, mais s'épuisait en redites des siècles passés,—les grands siècles du Moyen Age et les siècles lointains et incompris de l'Antiquité.*²¹

THE "PROBLEMS OF THE TWENTIETH CENTURY,"²² which M. G. de Molinari discusses in a volume recently published are: the religious problem, the

¹⁹Contributed by Prof. J. E. Hagerty, Ohio State University.

²⁰"*Histoire de France depuis les Origines jusqu'à la Révolution*" By Ernest Lavisse. Vol. IV. Part 1, 1328-1422. Pages 448. Price 6 francs. Paris: Hachette et Cie., 1902.

²¹Contributed by D. C. Munro.

²²"*Les Problèmes du XX^e siècle*" By G. de Molinari. Pp. 360. Price, 3 fr. 50. Paris: Guillaumin, 1904.

moral problem, the economic problem, the problem of individual government, the problem of collective government, the colonial problem, progress and decadence,—all to be solved in 305 pages, to say nothing of an appendix extending over fifty pages, consisting largely of quotations. M. de Molinari, it will be remembered, is probably the foremost representative in France of the classical school of political economy, and the author of a volume entitled "How the Social Problem will solve itself." As the social problem will solve itself, according to Molinari's hyperoptimism, there is of course little need for seeking a solution.

However conservative the author's economic doctrines may be, his views regarding religion, and the thoughts contained in the first essay of this volume are eminently suggestive and logical. The "religious problem" he sums up in the necessity of a method by which faith may be reconciled with reason.

The sixth essay, on the "colonial problem," is of timely interest to American readers. M. de Molinari objects most eloquently to expansion based on military conquest, maintaining that the indigenous population is not only always better adapted to the best exploitation of the economic resources of a colony, but, if the natives are exterminated, they cannot be replaced. Commercial expansion should proceed by means of exchange and purchase, by means of the superior economic power that enables men peacefully to obtain control of undeveloped lands and inferior labor. These methods would require few officials and few troops, but they would solve the problem of the expansion of civilization, without burdening the so-called civilizers, or arousing the legitimate hatred of those who have become the victims of superior destructive capacity.²³

THE DISAPPEARANCE of forests has begun to arrest the attention of our governments, and, partially as a measure of foresight in forest supply, partially from other considerations, some national parks and many national and State forest reserves have been established in various parts of the country, particularly in the West. In all these reservations there is now an organized attempt to arrest the ruthless destruction of the forest resource, and the national parks have become havens of refuge for all manner of wild life.

It is as a trained scientist, who realizes to the full the economic importance of our national resources, that Professor John Muir²⁴ presents to us some of the results of his observations and impressions in the many parks of the great West. In the presentation of his theme the author is not a statistician, but a naturalist in the best sense of the term, a poet, with a deep love for the mountains, the forests, and their wild populations. He wields a loving pen, and poetic as he may be, we never need to fear that he has overshot the mark, or is dealing in mere words. He has the seeing eye and the knowledge with which to see, and here sets down for those of less ample preparation,

²³Contributed by Dr. C. W. A. Veditz, Lewiston, Me.

²⁴"Our National Parks." By John Muir. 12mo, pp. 372. Price, \$1.75. Boston: Houghton, Mifflin & Co., 1902.

or smaller opportunity, a hint of what inspiration and romance are waiting for us in the great pleasure-grounds of the nation.

PROFESSOR E. MURISIER's interesting study of the diseases of the religious sentiment²⁵ possesses considerable sociological value, inasmuch as the largest section of the book treats of the religious sentiment under its social form,—especially of fanaticism. The religious sentiment has often been recognized as one of the most important motives in social life, and a study of its morbid manifestations is well calculated to throw considerable light on its nature under normal conditions.

A great difficulty in the study of such a problem as this lies in the double nature of religious phenomena, which are both individual and social. A religion is both personal and collective (national or universal). Theorists have frequently failed to recognize these two sides of the problem. Some have regarded religion as an inner life, as a union or identification of the soul with God; others have regarded it as a manifestation of collective consciousness, and as tending to realize a harmony of will and thought, thus forming the best kind of a social cement. Asceticism, the systematic avoidance of all social manifestations of religious feeling, sometimes carried to the extreme of severing all relations with the outer social world, represents one kind of abnormal development. The ambition of the ascetic hermit is gradually to weaken social sentiments and suppress the social element in religion. The opposite extreme, often the result of a reaction from the first, is the proselytizing spirit culminating in the fanatic and the prophet, who abandon the contemplative life to take up an active one. These two extreme mental states, and the strange psychological process by which the one is frequently evolved out of the other form the principal themes of the book.

The author devotes considerable space and not a little ingenuity to the question whether religion is originally and fundamentally individual or social. He claims that history, anthropology and psychology all testify that religion in its social form preceded the individual form. The religions of non-civilized peoples consist essentially in beliefs, practices and emotions that are always related to a given community. Religions cannot adopt the individualistic form until later, when individuals have acquired self-consciousness, and have reached the comparatively advanced mental state enabling them to distinguish their ego from the family, the clan and the tribe.²⁶

"DIE SCHAND-UND EHRENSTRAFEN IN DER DEUTSCHEN RECHTSPFLEGE"²⁷ gives to the history of the past a vividness and a reality that are scarcely ever conveyed by the more ambitious "general" histories. The author of this volume

²⁵ "*Les Maladies du Sentiment Religieux.*" By E. Murisier. Pp. 175. Price, 2 fr. 50. Paris: F. Alcan, 1911.

²⁶ Contributed by Dr. C. W. A. V. ditz, Lewiston, Me.

²⁷ "*Eine kriminalistische Studie.*" By Rudolf Quanter. Pp. ix, 211. Price, 5 marks. Dresden-Altschadt: Verlag von H. R. Dohn, 1902.

has evidently read through a great mass of historical material with the conscientiousness that characterizes the German scholar, and has sifted out all that to him appeared to bear on the punitive methods in vogue in Germany in the fifteenth and sixteenth centuries,—so far as these punishments were not among those that were inflicted for graver offenses. The line between injury to a man's property or person, and injury to his honor, was never very clearly drawn, and does not appear to have been more than a conventional, arbitrary distinction in the minds of mediæval German judges. A large number of the punishments were supposed primarily to be merely infringements upon a man's social standing.

The book leaves a clear, vivid impression in the mind of the reader. After a discussion of the interpretation usually given to the term "honor," the author outlines the principal defamatory punishments,—the stocks, pillories, ducking-stools, public beatings, ostracism, branding, the cutting off of ears, tongue, nose, etc.

There is a very grim kind of symbolism in mediæval criminal law, the symbolism which leads to such excesses as the decree that a blasphemer or a perjurer shall have his tongue cut off, that an eavesdropper shall lose one or both ears, that an incurable wine-bibber shall be drowned in a tun of alcohol, and that women of ill-repute shall be obliged to walk about the streets unclothed. Certain crimes, such as treason, are considered to be so vile that the offender is even after death subjected to various ignominies like being dragged about the streets tied to the tail of a donkey. Sometimes it is decided to expunge the criminal's name from the memory of mankind, and the subsequent mention of his name was punishable by the courts, although the courts themselves were careful to keep an accurate record of the names of offenders whose names were to be wiped from the recollection of men!

Should a convicted criminal escape before the day set for his punishment, this by no means hindered the execution of the sentence, though the sentence might be that of death; the executioner decapitated a dummy in place of the live victim, a dummy that was labeled with the name of the missing offender. Should the culprit be secured at a later time, the operation would be repeated. Public punishments were an important feature in the amusements of our mediæval ancestors, and the prospect of a public spectacle of an interesting nature frequently secured for the police authorities the ready and energetic co-operation of the public.

In the earlier chapters of the book the author gives some interesting data concerning the transition of private punishments to public punishments, data showing how crimes between fellow-citizens were long regarded as private matters beyond the scope of the public authorities, and considered as subjects of private judgment, private punishment and private feud.

The principal criticism that suggests itself with respect to the book is that documents have been frequently quoted at great length without mention of their authorship, date, or relative historical value.²³

²³ Contributed by Dr. C. W. A. Veditz, Bates College, Maine.

"PENNSYLVANIA POLITICS"²⁹ is the title of a small volume of speeches by Senator Matthew Stanley Quay, which will amply repay a reading by students of current politics. Whatever may be one's personal attitude toward Mr. Quay and his methods, it must be admitted that he has been unquestionably the most successful politician in the United States during the past generation, and any utterance of his upon politics is worthy of attention. This volume of course does not disclose the secret of the success of his methods, but it does explain in a measure his hold on the people of his State. Take, for instance, the following from his West Chester speech: "I may claim kinship with you, for my parents, grandparents, great-grandparents and great-great-grandparents were of your people. My great-grandfather was the first white child born in Charlestown township, and commanded detachments of your troops in the Colonial and Revolutionary Wars. The half-brother of my grandmother represented this district in Congress in 1803, so that I might use here the jungle call of Mowgli in Kipling's romance, 'We are of one blood, ye and I.'" It is this personal appeal, repeated in varying forms throughout the State, that has won him the support of so many of the common people. There is not much of political science in these speeches, which were all delivered in the Presidential campaign of 1900, when Mr. Quay was a candidate for re-election; but there is a heap of human nature and shrewd analysis of human susceptibilities. As such the volume is interesting and valuable. The introduction to the book has been furnished by Judge Samuel W. Pennypacker, of the Court of Common Pleas of Philadelphia and president of the Pennsylvania Historical Society, who has recently been nominated by the Republicans for governor. Judge Pennypacker is one of the high-minded men of the State who regard Senator Quay as a really great man, apart from his political achievements. His attitude toward Mr. Quay is best illustrated in his own words: "The cavil which has followed him (Quay), the temporary effusion of unhappy inefficiency is, in its final analysis, but further evidence of his real greatness. It has ever been that:

"He who will win success, will find
Honor before, envy and hate behind."³⁰

"ANTI-SEMITISM AND SEMITISM"³¹ is a series of essays by Eugenio Righini dealing with Italian politics of the present day. A detailed investigation of the mental and racial characteristics of the Jews, however, justifies the title, although Free-masonry, Clericalism, Socialism and Collectivism likewise receive the author's attention.

AARON BURR and his times have recently inspired a remarkable revival of interest. Burr figured as hero or leading character in at least three books of

²⁹ Pp. 200. Price, \$1.50. Philadelphia: William J. Campbell, 1901.

³⁰ Contributed by Hon. Clinton Rogers Woodruff.

³¹ "*Antisemitismo e semitismo nel l'Italia politica moderna.*" Pp. 305. Price, 3 lire. Milano, Palermo, Roma Sandron, 1901. (*Biblioteca di scienze sociali e politiche*, N. 38.)

fiction last year, but if we except the biography in the Beacon series, nothing serious in the way of a study appeared. The season of Burr books has not yet closed; there have recently appeared two new contributions dealing with that fascinating individual.

"The True Aaron Burr," a biographical sketch, by Charles Burr Todd,³² is in part the rewriting of his *Life of Burr*, issued some years ago. Mr. Todd's book is, in a word, controversial, but in its pages there are marshaled facts which too many so-called students of history have passed by without notice. It is so much easier to write history when it can be taken for granted that the facts have been all collected, and when cut-and-dried formulas of historical dogma can be applied without consideration.

"Aaron Burr, His Personal and Political Relations with Thomas Jefferson and Alexander Hamilton,"³³ by Isaac Jenkinson, is a work that falls in the category of popular history. It is written in a rather dispassionate vein, and yet the partisan spirit is not wholly curbed. Mr. Jenkinson has gone over ground which is not new, but his conclusions are not always those of his predecessors. He sees Burr to have had the Presidency within his reach had he chosen to trim his sails; he finds him to have been the victim of a political junta, and to have been persecuted by Jefferson in the matter of the Western conspiracy. The work practically ends with the trial of Burr at Richmond for treason, though there is a short summary of the events of his later life.³⁴

A NEW EDITION, in one volume, of the admirable "Industrial Democracy,"³⁵ by Sidney and Beatrice Webb, is welcome. No other work covering the same ground exists, and no other is needed. The authors have not made additions to the descriptive and analytic part of the book. They content themselves with a new introductory chapter, setting forth the altered position in which British trade unions find themselves at the end of the five years from the appearance of the first edition of this thorough account of trade-union structure, function and policy. A series of decisions by the House of Lords has greatly curtailed the liberty of collective bargaining, by rendering it dangerous in practice. As the law now stands, trade unions in England, whether registered or not, are liable for damages. Mr. and Mrs. Webb do not object to such corporate responsibility of the trade union in principle, but they find that the position of all union officials is made difficult by an uncertainty upon the real intent and scope of the law, which may justly be condemned. In this condition of affairs trade unionists will probably turn to legislation as a more promising method of amelioration than collective bargaining and strikes. The great success of radical labor legislation in Victoria and in New Zealand will encourage like policies elsewhere. Besides this clear and thoughtful new chapter, the present edition contains much

³² Pp. 77. Price, 50 cents. New York: A. S. Barnes & Co., 1922.

³³ Pp. 389. Price, \$1.25. Richmond, Ind.: M. Callahan & Co., 1922.

³⁴ Contributed by W. F. McCaleb.

³⁵ Pp. lx, 929. Price, \$4.00. New York: Longmans, Green & Co., 1902.

new matter in the appendices, including a review, brought down to date, of the legal position of collective bargaining in England.³⁵

"ANTICIPATIONS OF THE REACTION OF MECHANICAL AND SCIENTIFIC PROGRESS UPON HUMAN LIFE AND THOUGHT"³⁷ is an interesting attempt to trace the social results of scientific advance. The author has not wholly obliterated personal prejudice, but, on the whole, the work gives a suggestive discussion of the probable effects of improvements in transportation, scientific education, and invention.

The growth of urban and suburban districts seems likely to reach a much broader scope than at present, and the development of distinct classes, the capitalistic, the middle or working class, and the non-productive class of social debtors and delinquents.

With the growth of commerce and communications generally, national boundaries will pass away, and national unities give place to great territorial or economic unities. The area now occupied by the United States will probably become the centre of the English-speaking races.³⁸

A NEW FRENCH EDITION of Winterer's German treatise on contemporary socialism has recently made its appearance.³⁹ The sole difference between this edition and the preceding (third) edition is an appendix which brings the history of socialism and anarchism down to the year 1901. Despite the emphatically Christian standpoint of the author, who bitterly opposes the materialistic tendencies of some socialist doctrines, the book is a reliable, careful account of the socialistic and anarchistic movements since 1878, divided into sections treating separately of their progress in each of the principal countries of Europe and America. The book also includes a general survey of the progress of socialism, and an account of the most important international congresses of socialists. It is probably the most complete book on the subject.

REVIEWS

Democracy and Social Ethics. By JANE ADDAMS. Pp. 281. Price, \$1.25. New York: Macmillan Company, 1902.

Fifteen years of social settlements in America have brought forth a varied literature. Some fifteen books and pamphlets, giving exposition of the settlement idea, and nearly one hundred magazine articles, descriptive of the work done in settlements, are enumerated in the Bibliography of Settlements. Most of these articles have been written by residents or workers in some of

³⁵ Contributed by F. H. Giddings, Columbia University.

³⁷ By H. G. Wells. Pp. 343. Price, \$1.80. London and New York: Harper Brothers, 1902.

³⁸ Contributed by Dr. J. Paul Goode, University of Pennsylvania.

³⁹ "*Le Socialisme contemporain. Histoire du socialisme et de l'anarchisme.*" By Abbot Winterer. Fourth edition. Pp. xiv, 450. Paris: Librairie Victor Lecoffre, 1901.

the one hundred institutions of this sort in America or in some of the forty in England. All the larger cities have now one or more such centres, but in no city is the settlement the important factor that Hull-House is in Chicago.

The stock-yards, Hull House and the University are the three things that a stranger wishes to see first, and Hull-House has been written about from various points of view and with various degrees of intelligence in all kinds of magazines and papers. Miss Addams is called "from Maine to California and from the Lakes to the Gulf" to lecture on Hull-House.

Ten years ago two articles, which set forth "the settlement idea" or the *in-forming* idea in the Hegelian sense, were published by Miss Addams in the *Forum*. Now the same author publishes her conclusions as to the great problems which have arisen in ten years of experience in carrying out this idea. If one reads over the first statements of the "objective necessity of a social settlement" and the "subjective necessity of a social settlement" as published in these two articles, one is struck again with the simplicity and clearness of the conception. The chapter on the subjective necessity says: "We have somehow blundered and gone far astray; in a Christian and democratic community we have become most un-Christian and undemocratic, and we are paying the penalty for it in dissatisfaction with our narrow lives. The young people feel this most, and that especially when they are first out of college. For them there is an absolute necessity to have some place where they can get a broader experience, where they can live vicariously other lives than their own. The only help for this state of affairs is to start over again and live on Christian and democratic principles, and then see what will develop."

The chapter on "the objective need" is a description of the place which two women have chosen in which to try to live a consistent life. They have looked about them and made an inventory of the social forces at work in the neighborhood, and found what they can do to come into natural relations with their neighbors. They have begun with the kindergarten, have added clubs and classes for men and women, and have found in this life satisfaction, entertainment and intellectual stimulus, which their own "sphere" and their own friends never could have yielded.

These chapters had a great influence, because they came at a time when the American college student, disgusted with the church, was just ready to cast overboard all his religious training as something artificial and even hypocritical. The new conception showed him that Christianity has a content, however empty theology may be. The chapter on the "objective necessity" was an impulse to sociological investigation of slum districts, to reform of city governments, and to the expansion of educational ideals. Sociology, the youngest of the sciences, was taught in but one or possibly two American colleges at that time, and the need of "the new education" was not felt. These chapters were also a great stimulus to psychology and ethics. It is to the present volume that we look for the results of ten years' social, educational, humanitarian and civic experience.

The introduction starts from the proposition that morality is social, not

individual, and maintains that the working people are the ones who have the highest morality—they are finding solutions to social problems as they arise, while the upper classes only *feel* the situation. The six chapters are to be "studies of various types and groups which are being impelled by the newer conception of democracy to an acceptance of social obligations, involving in each instance a new line of conduct." Since charity is the old form in which the masses and the classes came in contact, the first chapter is naturally devoted to the new conception of charity which life among the poor has given. The conclusion of this chapter is that no one can know how to be charitable who does not live with the poor and humble. Many instances are given which show conclusively that the different antecedents, wholly different circumstances and primitive view of life of the poor make it quite impossible for the opposite extremes to understand each other. "The state of mind which an investigation arouses on both sides is most unfortunate; but the perplexity and clashing of different standards with consequent misunderstandings are not so bad as the moral deterioration which is almost sure to follow." The possession of money makes a different attitude toward life. Charity is made necessary by industrial features. A higher ethical standard cannot be artificially substituted for a lower one. The industrial situation is the fundamental problem.

"Filial Relations" carries out the ideas in the first book on the subjective necessity of social settlements. The daughters of the family are breaking away from family ties because they recognize higher social obligations; they cannot find self-expression in the maintenance of outgrown ideals. The tragedy of Lear is used to illustrate the higher conception of filial relations and the inevitable misunderstanding due to the narrowness and fixed ideas of the mind of the parent. "The modern woman finds herself educated to recognize a stress of social obligations which her family did not in the least anticipate when they sent her to college. She finds herself, in addition, under an impulse to act her part as a citizen of the world. . . . Her life is full of contradictions. . . . When her health gives way under this strain, as it often does, her physician invariably advises a rest. But to be put to bed and fed on milk is not what she requires. What she needs is simple, health-giving activity, which, involving the use of all her faculties, shall be a response to all the claims which she so keenly feels" (p. 87). This chapter lays the foundation for a much better understanding of the "new woman." Miss Addams expresses the psychology of the modern woman much better than it has been set forth by any one else, and if this is applied to woman's work in the new fields of activity which she has taken up, she will not seem to be merely "the inquiet sex." "Under an impulse to act her part as a citizen of the world," the club is the place where she makes her first attempt to co-operate with her fellow-women for the good of the community in which she lives. This study of the struggle of woman to realize herself brings the author at once to the weakness of her education and, indeed, of all education.

The root of the difficulties in the present industrial system is said to lie in the clash between individual or aristocratic management and corporate or democratic management. This is illustrated by the experience of two

companies which have attempted to do for their employees what they should have been aided to do for themselves. The efforts of Mr. Pullman and of the Dayton Cash Register Company were valuable only as incentive to the mass of workmen. Social morality is impossible without a basis of democratic experience. "A man who takes the betterment of humanity for his aim and end must take the daily experiences of humanity for the constant correction of his process. He must not only test and guide his achievement by human experience, but he must succeed or fail in proportion as he has incorporated that experience with his own" (p. 177). This chapter and the one on political reforms are the ones that have received the highest praise from those who heard them in lecture form. They are philosophic in the best sense; they find a guiding thread which will lead out of the tangle of mere opinion, a principle which explains apparent contradictions.

The chapter on Political Reform is the most original in the book. The work done in the nineteenth ward of Chicago has shown to those who have observed it that we have representative government in American cities, whether we will admit it or not. "The real leaders of the people are part of the entire life of the community which they control. . . . They are often politically corrupt, but, in spite of this, they are proceeding upon a sounder theory than that of the reformers." Political ideas are founded upon individual experience. The heterogeneous population of the nineteenth ward is alike in having a consciousness of the individual primitive virtues of brotherly kindness and charity, and in being entirely unconscious of anything vicious about selling your vote in the city council. They are, therefore, consistent in their political activities, while the reformers represent abstract principles. "The corrupt politician himself, because he is more democratic in method, is on a more ethical line of social development than the reformer who believes that the people must be made over by 'good citizens' and governed by 'experts.'"

On closing the volume one feels that if "Philanthropy and Social Progress" was "a new impulse to an old gospel," and inspired the young college student with enthusiasm for the essence of Christianity—the life among those to whom one may perhaps do some good—the present volume inspires an adult and modern religious spirit. Hull-House has not now a single resident who would say she was living there to do good to the neighborhood. She is there because it is an atmosphere of freedom and inspiration, because it is an educational institution of the broadest scope, and because it is a rendezvous for the kind of people whom it is most worth while to know.

CAROLINE M. HILL.

Chicago, Ill.

Municipal Engineering and Sanitation. By M. N. BAKER. Pp. 317. Price, \$1.25. New York: The Macmillan Company, 1902.

Mr. Baker's work, which appears in the Citizens' Library, is in keeping with the series to which it belongs. The arrangement of material and table of contents of themselves form a valuable aid in the study of such an impor-

tant subject. It is to be regretted that the title selected indicates a technical work, whereas the general public is the real audience addressed by the author. The book deals with problems and principles rather than with the details of municipal sanitary administration. After a general discussion of the city and its needs the author treats the subject under the following general headings, which it is worth while to enumerate: Ways and Means of Communication; Municipal Supplies; Collection and Disposal of Wastes; Protection of Life, Health and Property; Administration, Finance, and Public Policy. Curiously enough, the last division is of far greater general interest and better execution than those that pertain more directly to the field in which the author is recognized as a specialist. In fact, it is to be feared that the author's cursory treatment of the earlier chapters will discourage many readers from pursuing a study of the book until the later chapters, which are written with greater breadth of view and literary interest. However, each chapter contains suggestions which will probably lead to further study, and the author has been careful to suggest references in answer to the questions which the book stimulates.

It is to be regretted that the important fields of administration and public policy had to be covered so rapidly. The chapters which deal with municipal expansion and municipal co-operation as substitutes for consolidation are most suggestive, although the author fails to make a distinct application to the administrative organization of boards of health, having even left out the important responsibility of the state in organizing and co-ordinating the work of local boards of health and in assuming the inspection and supervision of water supplies, etc. If there is any one development of municipal engineering and sanitation that seems to be a future certainty, it is that our state boards of health will assume greater powers, and establish greater uniformity in the work of local boards of health. This book would seem to have offered opportunity for a special appeal for uniform and adequate health statistics, with detailed, illustrated criticism of present defective methods. It may be hinted that municipal co-operation in the protection of health would have forced home the teeming suggestions of the earlier chapters better than a discussion limited to boards of works and park commissions. Likewise, the author might have rendered public service by developing more at length the nature of the training that may reasonably be demanded of applicants for inspectorships.

The time must come when the subject matter of such books as this shall be given as a part of the training in hygiene in our secondary schools, and when special courses, such as that given at Rutgers College, will be introduced into technical schools for engineers. The difficulty is nowhere better illustrated than on page 257 of Mr. Baker's book, in which he dismisses the relation of sanitation and municipal engineering to economics and sociology with the statement that "a fair knowledge of these sciences is of great advantage to the health officer."

For the benefit of the readers of this review, reference should be made to the encyclopedic study of Health Officer Chapin, of Providence, R. I., reviewed in *THE ANNALS* for November, 1901, in which the methods of

administration in various cities of the United States are tabulated and discussed in a way that will make the book an effective companion work to the present volume.

WILLIAM H. ALLEN.

Jersey City, N. J.

Studies in History and Jurisprudence: By JAMES BRYCE. Pp. 926. Oxford and New York: Oxford Press.

For twenty-three years, beginning in 1871, Mr. Bryce was Regius Professor of Civil Law in Oxford. He found the course and the examination little else than a farce. He left the latter, as he claims with pardonable pride, "the best arranged and most useful law examination in England."

Following a custom of the University, he delivered from time to time public lectures addressed to audiences learned, of course, but not expert. The subjects were such as would be likely to interest a considerable body of English university men. The treatment was orderly but not over-analyzed; the diction free from technicalities.

These lectures, revamped into essay form plus some additional papers and two lectures with which he began and closed his professional career, make up a volume which is a book only in the physical sense of the word.

If the convenience of readers could have been consulted, the collection might have been put out in three duodecimos of comfortable size and weight. Into the first might have gone the first two and last three of the sixteen essays, all being comparative studies in Roman and English history and law. Analogies and contrasts between the geographical expansions of the two empires of Rome and Britain and between the extension and development of their legal systems are, in these essays, worked out in a manner highly ingenious and in general flattering to the British citizen. The part played by Praetorian edicts in the development of Roman private law elicits the highest praise as compared with English case-law. The edict was tentative legislation, easily mended if found faulty, easily discarded if obnoxious. It is not formally remarked that the edict was also experimental codification, having its culmination in the perpetual edict of Hadrian's time.

The paper on Marriage and Divorce under Roman and English law follows the latter across the Atlantic, and exhibits the operation of our Anglo-American law and practice in a manner not flattering to his American cousins. The author has no admiration for the "free-marriage" of the Roman imperial age, and he is none too hopeful of a return from recent extravagances in the loosening of the nuptial tie whether on his own side of the ocean or ours.

Into a second handy volume Mr. Bryce's publishers, had they so chosen, might have placed the essays numbers III to VIII and given the title of "Constitutional Studies." Three of them are descriptive of the constitutions of Iceland, the Australian commonwealth, and of two South African republics as they stood in 1895. It will be understood by all who know the author through "The American Commonwealth" that it would be impossible for him to confine himself to bare description, so that if they are looking for comparisons, criticism and even for prophecy, they will not be disappointed.

The title, "The United States Constitution as Seen in the Past," but inadequately suggests the exceedingly interesting discussion which it heads. There is no attempt at description or analysis. Indeed, a knowledge of the document and its history are pre-supposed. The author of "The American Commonwealth" had of course studied profoundly the two works which, with his own, form a class to which no addition can be soon expected,—the "Federalist," and "Democracy in America." What Bryce thinks of Hamilton and Tocqueville as expounders, critics and eulogists of our national charter and institutions, all who think on these things will want to know.

This essay, evidently worked out *con amore*, will satisfy them. There is ample exposition of the hopes and fears of the American and of the moderated enthusiasm of the Frenchman. From this is drawn a lesson of moderation for framers of constitutions and legislators. Both these great political philosophers had they survived to the present time would have found their discordant fears groundless and their most ardent expectations realized in most unexpected ways. In this essay and in that on centripetal and centrifugal forces in constitutions the author is wisely careful to avoid conclusions resting on present and passing conditions. The present drift toward great states may be checked, it may even cease, in a day when industrialism shall have completely succeeded militancy, and collectivism shall have extensively replaced individual production.

The remaining four essays (X to XIII) might have been grouped under the title of "Studies in Jurisprudence." The leading essay is on "Obedience," and is obviously the work of a lawyer. One might hazard the guess that its composition antedates the author's acquaintance with Spencer and the sociologists of the generation now closing. Relegating to their proper limbo the theories of contract and physical force as explanatory of the nature of political society, he discreetly suggests that the problem of obedience to government and law is part of a larger problem. Addressing himself to this, he finds the grounds of obedience in general to be indolence, deference, sympathy, fear and reason. Underneath the ingenious discussion and happy illustration of these elements there lurks the suppressed assumption of the lawyer that society is, after all, nothing but a merger of individuals in response to motive. But for quasi-contractual action men might have remained in unsocial isolation. Historically it is the individual who needs to be accounted for rather than the social body out of which he has to be analyzed. It is in the paper on the Law of Nature that the author is at his best in clear thinking and expression. How the Stoics worked out the Aristotelian conception of nature, "as a guiding principle imminent in the universe; how the Roman philosophical jurists took over the political form of the conception and at length made it the rationale of *jus gentium*; how churchmen identified the law of nature with the Divine reason; how the foundation was laid on which Grotius and his school might build the modern law of nations; how the destructive element which lurked in the theory from the beginning appeared in the *Contrat Social* and the Declaration of 1789; how the theory has in our times fallen into desuetude"—all these are elaborated in a thoroughly satisfactory manner.

A visit in 1888 to El Azhar, the Mussulman university at Cairo, with its two hundred professors and nearly eight thousand students, gives occasion to some pages of charming description. These lead to a discussion of the mischiefs which must result from the identification of law and theology. Given an unerring book covering both, there can be no development of law, as a living organism and religion degenerates into mechanical formalism. Fortunate for the Western world that the New Testament is not and cannot furnish forth a code. Equally fortunate that the civil law was so entrenched in Europe that the canon law never had any chance to supersede and smother it.

The two addresses referred to amount to an argument, and a powerful one, supported by the speaker's long experience, in favor of giving large place in law schools to the civil law. The law student who expects to give three years to professional studies is advised to devote the first to Roman law.

Taken as a body, these recreations of an author who has placed his generation under heavy obligations for works of first-rate merit, can add little, if anything, to his well-earned fame. It was still worth his while to collect and edit them. It is worth the while of thoughtful students of Anglo-American history and politics to read them. Those readers who are competent to differ with the author on minor points of accuracy or even upon more important matters will do so with modesty and respect.

WILLIAM W. FOLWELL.

University of Minnesota

Reconstruction and the Constitution, 1866-76. By JOHN W. BURGESS, Ph. D., LL. D. Pp. xii, 342. Price, \$1.00 net. The American History Series. New York: Charles Scribner's Sons, 1902.

Professor Burgess' latest work is something more than a narrative essay, setting forth the history of the Constitution of the United States and the progress of reconstruction. Nor is the author content with the mere presentation of facts and theories. He boldly expresses his own views and opinions of both men and measures. He does not hesitate to tell us what, in his judgment, ought to have been done. The values of the legislative, administrative, and military acts of the period are tested by what the author holds to be the principles of "sound political science and correct constitutional law;" while the conduct of men is judged from a politico-ethical standpoint. The higher aim or purpose of the author seems to be to aid in the reconciliation of the North and South through an impartial presentation of the facts and a candid admission of the errors of reconstruction.

Through the mass of legislative and administrative details Professor Burgess sees that the essential political problem of this period in American history is reconstruction. Furthermore, the author sees clearly that "the key to the solution of the question of reconstruction is the proper conception of what a 'state' is in a system of federal government." And so in the very first chapter he points out that, in the federal system of the United States, a "state" is a "local self-government under the supremacy of the Constitution of the United States, and of the laws and treaties of the central government

made in accordance with that Constitution, republican as to form, and possessed of residuary powers—that is, of all powers not vested by the constitution of the United States exclusively in the central government, or not denied by that Constitution to the 'state.'"

Moreover, the author declares that the Constitution of the United States provides for and recognizes three kinds or species of local government, viz., "local government by the executive department of the central government—that is, local government by executive discretion, martial law; local government as an agency of the legislative department of the central government—that is, territorial government, and 'state' government."

Thus a "state" of the American union is not indestructible. The theory of "state" perdurance is unsound. Having emerged from the status of a territory, a "state" may again revert to that status.

When a "state" attempts to break away from its connection with the American system of federal government, it forcibly resists the supreme law, destroys the prime condition of its existence, and makes it necessary for the central government to assert exclusive power in such district. Under such circumstances it is clearly the function of the executive department to act first and subdue by force the force which has been offered against the Constitution and the laws of the United States. When the work of the executive department has been successfully accomplished, it is then the business of the legislative department to determine how the people of the rebellious district shall be civilly organized anew. That is to say, it is for Congress to determine the policy of reconstruction, and the President may not interfere with such congressional action, except through the exercise of his legitimate veto power.

The conditions which gave rise to the problem of reconstruction in the United States were: first, the attempt on the part of existing "state" organizations to resist the execution of the supreme law of the land; and, secondly, the defeat of that attempt by the executive department of the central government through the exercise of military power.

President Lincoln was, perhaps, the first to advocate a plan or policy of reconstruction. He recognized the "continued existence of the 'states' in rebellion as 'states' of, and in, the Union," since he looked upon rebellion as the act not of "states" but of combinations of disloyal persons in the "states," who had subverted the "state" governments. The problem of reconstruction, therefore, consisted of placing a loyal element in possession of the governments of these "states" in which rebellion had existed. Furthermore, Mr. Lincoln believed that the work of solving this problem belonged to the executive department of the central government. He proceeded on the assumption that "it was the work of the executive, through the power of pardon, to create a loyal class in a 'state' which had been the scene of rebellion, and it was the work of the executive to support that class by the military power in taking possession of, organizing, and operating the 'state' government."

President Johnson's views on rebellion and reconstruction had at one time been more radical than those held by his predecessor; but his ideas were

subsequently modified through the influence of Secretary Seward, who shared Mr. Lincoln's theories. In his proclamation of May 20, 1865, Mr. Johnson "proposed to pardon the rebel leaders, upon special personal application, as an act of high executive grace, and to amnesty every one else in a body; and upon the basis of their re-established loyalty, to use the old electorate of the South in reconstruction."

It appears throughout that Mr. Johnson's policy and acts were but a continuation of those of Mr. Lincoln. "If Lincoln was right so was Johnson, and *vice versa*." The whole plan "rested upon the theory of the indestructibility of the 'states,' their perdurance as 'states' throughout the period of rebellion, the commission of treason and rebellion by combinations of private persons, the right of the executive to withdraw his military powers and put his civil powers in operation whenever, in his judgment, the circumstances would warrant him in so doing, and his authority to recognize the old electorates of the 'states' in which rebellion had existed as the respective constituent bodies of the 'states,' upon such terms and under such limitations as he might prescribe."

Congress, however, did not acquiesce in the theory that reconstruction should be effected by and through the executive department. Both the Senate and the House soon came to the view that reconstruction was a legislative problem. It was, indeed, a question of the "admission, or the re-admission, of 'states' into the Union, or, more correctly, the question of the establishment or re-establishment of the 'state' system of local government upon territory of the United States under the exclusive power of the central government." This, Professor Burgess contends, was sound political science. It was right and proper for Congress to brush aside executive reconstruction and take up the burden as a legislative problem. It was right to free the slaves and adopt the Thirteenth Amendment to the Constitution. Nor did the civil rights bill violate the principles of sound political science. To secure to the freedmen civil rights was an act required by public morality. The adoption of the fourteenth amendment was likewise justifiable and in accordance with correct constitutional law.

But Professor Burgess is emphatic in declaring that certain acts relative to the Freedmen's Bureau were radical measures; that the impeachment proceedings against President Johnson were unwarranted; that the reconstruction act of 1867 was not only unsound and unnecessary, but positively "the most brutal proposition ever introduced into the Congress of the United States;" that the tenure of office act was both contrary to the Constitution and mean; and that the creation of the new electorate in the South was nothing short of a crime. The conditions did not justify the severe remedies of martial law and negro suffrage.

In reference to the creation of the new electorate in the South, Professor Burgess says: "Congress did a monstrous thing, and committed a great political error, if not a sin;" and he thinks that "anybody of common sense and common honesty could, at the time, have foreseen some of the horrible results which were sure to follow."

The author believes that, besides the establishment of martial law and

the enfranchisement of the negroes, there were two other conceivable ways of reconstructing the rebellious "states" and of guaranteeing civil liberty to the freedmen. "The one was to establish territorial civil governments in the late rebellious region and maintain them there until the civil relations between the two races became settled and fixed. The other was so to amend the Constitution of the United States, before the readmission of the 'states' which had renounced the 'state' form of local government under the Union, as to give Congress and the national judiciary the power to define and defend the fundamental principles of civil liberty."

The author's summary view is, perhaps, best presented in the last paragraph of chapter XXX, where he says: "Slavery was a great wrong, and secession was an error and a terrible blunder, but reconstruction was a punishment so far in excess of the crime, that it extinguished every sense of culpability upon the part of those whom it was sought to convict and convert. More than a quarter of a century has now passed since the blunder-crime of reconstruction played its baleful part in alienating the two sections of the country. Until four years ago little progress had been made in reconciling them. It is said now that the recent war with Spain, in which men from the North and men from the South marched under the same banner to battle and to victory, has buried the hatchet forever between them. But they had done this many times before, and yet it did not prevent the attempt to destroy the Union. It cannot be in this alone that the South feels increased security against the doctrines and the policies and interferences of the Republican party with regard to the negro question, the great question which has made and kept the South solidly Democratic. It is something far more significant and substantial than this. It is to some the pleasing, though to others startling, fact that the Republican party, in its work of imposing the sovereignty of the United States upon eight millions of Asiatics, has changed its views in regard to the political relation of races, and has at last virtually accepted the ideas of the South upon that subject. The white men of the South need now have no further fear that the Republican party, or Republican administrations, will ever again give themselves over to the vain imagination of the political equality of man. It is this change of mind and heart on the part of the North in regard to this vital question of Southern 'state' policy which has caused the now much-talked-of reconciliation."

BENJ. F. SHAMBAUGH.

Univ. of Iowa

The Treaty-making Power of the United States. By CHARLES HENRY BUTLER. Pp. cii, 786. 2 vols. Price, \$12.00. New York: Banks Law Publishing Company, 1902.

This work covers a field that has received but little attention either in legal treatises or in works on political science. Since the entry of the United States into the arena of world politics, the treaty-making power has acquired a position of peculiar significance from both an economic and political point of view. We are beginning to appreciate the fact that, under a broad inter-

pretation of this power, the President and Senate are able to change the fiscal policy of the country, profoundly to influence the operation of our institutions and to reduce the House of Representatives to a subordinate position.

That Mr. Butler has not neglected any phase of the subject will be seen from an enumeration of the chapter headings: The nationality and sovereignty of the United States; the nationality and sovereignty of the United States as evidenced by acquisition of territory; the nationality and sovereignty of the United States as recognized by other sovereign powers; the treaty-making power as an attribute of sovereignty and as exercised by central governments of confederated powers; treaties and the treaty-making power of the United States as exercised prior to and under the Confederation; proceedings of the Constitutional Convention of 1787 relating to treaties and the treaty-making power of the Federal Government; proceedings of the constitutional conventions of the several States in so far as they relate to the treaty-making power of the national government; the treaty-making power as a factor in the great national debate of 1787-88; opinions of publicists, historians and expounders of the Constitution in regard to the extent and scope of the treaty-making power of the United States; the treaty-making power and the relations of both Houses of Congress thereto, as the same has been the subject of Congressional debate and action; judicial decisions affecting the treaty-making power of the United States, its extent and application; decisions of Federal courts in regard to the relative effect of treaty stipulations and Congressional action; treaties of cession involving change of sovereignty over the ceded territory and the effect thereof on laws, persons and property; the treaty-making power of the United States as it has been exercised with Indian tribes; certain specific instances in which treaty-making power has been exercised by the United States; limitations on the treaty-making power of the United States.

The distinctive merit of the method of treatment adopted by the author consists in bringing out with great clearness the influence of the treaty-making power on the public policy of the country. Although the main purpose is to present a picture of existing conditions, quite a definite impression of the merits and defects of our system is given. The difficulty of combining popular responsibility with continuity in policy is almost insurmountable, and has led to a movement to vest the treaty-making power exclusively in the President. But the prospect of any such change is exceedingly remote. It is likely, however, that in the near future we may witness some changes in the interpretation of the treaty-making power. A first and most important step in this direction has been made in the *Insular cases*. In *Downes v. Bidwell* (182 U. S.), the Supreme Court of the United States held that the treaty-making power alone could not incorporate new territory into the United States. To effect this end, either a declaration of policy by the legislative organs of the government, or long-continued acquiescence amounting to a confirmation of treaty stipulations, is necessary. It was an attempt on the part of the court to reserve to the political organs of the government complete control over the legislative policy of the country. It is a matter of sincere congratulation that, in a work of such magnitude, there is so much

to be praised and so little to which exception can be taken. The author has evidently exhausted every important source of information, and brings an extraordinary wealth of citation in support of his conclusions. From the reading of the work it is evident that the manuscript was completed prior to the announcement of the Insular decisions. The attempt to bring the text into harmony with these cases has, in many places, broken the continuity of treatment, while in others the author has failed to take these decisions into full account.

The only other adverse comment to be made will be regarded by many, especially by law students, as one of the merits of the book—the inordinate amount of space given over to footnotes. This has been carried to a point which in many places completely obscures the text of the work itself. Judicious condensation of these notes would have reduced the bulk of the treatise by at least one-third.

Taken all in all, Mr. Butler's contribution to constitutional and international law is one of the most important of recent years. It marks the beginning and sets the standard for a series of much-needed works of reference on the foreign policy and diplomatic history of the United States.

L. S. ROWE.

University of Pennsylvania.

Educated Working Women. Essays on the Economic Position of Women Workers in the Middle Classes. By CLARA E. COLLET. Pp. 143. Price, 2 s. London: P. S. King & Son, 1902.

Under the title of *Educated Working Women*, Miss Collet has published in a convenient form six essays, some of which have already appeared in various economic journals. These essays are of special interest because of the writer's intelligent and practical point of view. So many sentimental articles are written by both men and women on the woman question that it is always refreshing to find a clear, concise and unprejudiced study of facts together with a fearless statement of actual obstacles. Miss Collet has confined her study to women of the middle class who are educated for their work in life, because their position is exceptional. The cost and reward of efficiency are the two factors with which the book deals. While the industrial limitations of English women are greater than those of American women, the book still contains many suggestions for the over-stocked teaching class of this country. The author deprecates the worship of brain-power, which is narrowed to a false idea of culture, the acquisition of useless knowledge, and the belief that, "because men in the commercial world have a knowledge which enables them to perform services for which others are willing to pay, they are necessarily uncultured and mercenary." Women are "socially, morally and economically" mistaken in competing with men where men are strongest. Miss Collet willingly asserts that men and women are different, and that women should compete with men, "not because they can do what men can, but because they can do what men cannot," and that there are many things which men are doing alone which could be done infinitely better if

educated women helped them; and nowhere more than in business. For instance, a man and a woman look at a work-room from different standpoints, and each can make suggestions to the other. Many girls might acquire a taste for study if they had before them the prospect of being their father's manager, foreign correspondence clerk, chemist or artistic designer. As a result, women would be measured according to their worth instead of their standard of living. Above all, it would relieve women of the temptation to accept marriage as a means of livelihood and an escape from poverty.

Recognizing how vitally a woman's position in industry is affected by her attitude toward marriage—the expectation of or desire for which proves the disturbing element in the wage question—Miss Collet carefully analyzes the census returns of England, to show that a considerable number of women,—one in six in England and Wales, and one in five in London,—must necessarily remain unmarried, a fact not to be deplored if these women are made industrially efficient. Following Chas. Booth's classification, the needs of three groups are outlined: for group one, the factory class, who eventually marry—a training for domestic life; for group two, dressmakers, servants, lesser clerks, etc.—a class whose work is skilled, and who compete only to a small degree with men, combination might raise wages; for the third group, where services are paid for from fixed incomes and the pay is very low, two suggestions are made: (1) that parents instead of supplementing salaries should make their daughters hold out for higher ones, and (2) that they should train their daughters as they train their sons.

More as an indication of how the subject should be studied than an attempt to present typical material, sample budgets of the expenditure of middle-class women—high school mistresses and clerks—are analyzed. Miss Collet emphasizes the failure of women to appreciate the high cost of efficiency, and she states that "women never will and never can become highly efficient and continue so for any period on the salaries which they at present receive, or even on the salaries with which they would be contented, if they could get them."

The style of the book is crisp and clear, and its delightful humor makes it very readable. The chapter on the Age Limit of Women, where the absurdity of the stereotyped notion that a woman's faculties fail after thirty-five, is shown, is amusing.

The criticism of Mrs. Stetson's *Women and Economics* is clever, able and conservative. Issue is taken upon the question of the economic independence of married women, the author claiming that the married woman is the only skilled casual worker, and she can be of high industrial value doing odd jobs for the community after serving a successful apprenticeship as house mistress and mother. The author, as a matter-of-fact English woman, is unwilling to discount the future. She takes society as it is, not as it may be. She is an optimist, but while seeing progress for women and for the race in the past fifty years, she recognizes the mediocrity of most people, the drudgery and monotony of much of the work that has to be done, and she says truly that for most women, in order that a dreary outlook shall not set in after the novelty has worn off, an occupation must be

able to satisfy the heart and the mind. A woman will never be worth high pay unless her work interests her.

EMILY FOGG MEADE,

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Colonial Government; An Introduction to the Study of Colonial Institutions.

By PAUL S. REINSCH. Pp. 386. Price, \$1.25. New York: The Macmillan Company, 1902.

Professor Reinsch's work is the latest volume in the admirable Citizen's Library Series, edited by Professor Ely. The author has divided his book into three parts. The first treats of the Motives and Methods of Colonization, the second of the Forms of Colonial Government, while the third has been curiously called the Institutions of Colonial Government. Under Methods and Motives, the pressure of increasing population in older countries, missionary propaganda, individual enterprise and adventure, commerce and the natural expansion of capital are considered. Professor Reinsch justly emphasizes the important influence of means and routes of communication upon the success of colonial systems. In common with other writers, he points out the fact that England's dependencies are situated along the trade routes, and that English control of the communications by sea has formed the keystone of the system.

In Part II the author takes up such subjects as spheres of influence, protectorates, chartered companies, direct administration of colonies, representative institutions, self-governing colonies and colonial federation. He outlines the English and French systems and to some extent the Dutch. In discussing the subject of representative government, Professor Reinsch considers favorably the important suggestion of Sir George T. Goldie, the English administrator, who declares that it is useless to attempt to raise a semi-barbarous population *en masse* to a state of civilization and self-government. The conclusion is that, for backward peoples, a modified form of protectorate is best suited, with an advanced degree of independence in certain cities where progress has reached the proper point. These urban centres, with more or less political autonomy, will be the gathering-points for those persons who chafe under the rule of the native chieftains. Such cities would also serve as models in government for the imitation of the surrounding country, and would thus stimulate political development.

The author's general conclusions are unfavorable to highly advanced representative institutions in the tropics. He advocates rather a great flexibility of colonial governments according to time, place and people.

In Part III the central offices of colonial government in the mother country, legislation for the colonies, municipal and local government in the colonies, colonial law and colonial courts are discussed. Appropriate bibliographical notes are given at the end of each chapter, and there is a good index. The work as a whole is comprehensive and well condensed, and is written in a clear and readable style. It is well adapted for use as a textbook.

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The Confederate States of America. By J. C. SCHWAB, Ph. D. Pp. xi, 332. Price, \$2.50. New York: Charles Scribner's Sons, 1901.

Students who have read the earlier papers that Professor Schwab has published upon the finances of the Confederacy will find in this volume, which forms one of the Yale bi-centennial publications, a satisfactory fulfillment of the expectations which those papers aroused. In fact Professor Schwab has done more than was expected, for his completed work presents an economic as well as a financial history of the South during the Rebellion, and even devotes one chapter to the Military Despotism of the Confederate Government. There is, unfortunately, no single book that does as much for the Northern States.

Professor Schwab devotes his first four chapters to the financial legislation of the Confederacy, which was based upon the loan policy, and which failed to recognize, until all too late, the importance of developing an adequate system of taxation. The first loan was for \$15,000,000, secured by an export tax upon cotton, which was to be the chief lever by which Southern influence could be exerted upon European financiers and statesmen alike. Then came a small issue of interest-bearing treasury notes, soon to be followed by larger emissions that bore no interest. Other acts authorized the sale of \$150,000,000 of bonds, that were sold for specie, military stores or raw produce and manufactured articles, but chiefly for cotton which the government expected to market in Europe. During 1861 treasury notes supplied 72 per cent of the total revenues, bonds furnished 22 per cent, and only 2 per cent of the government's income came from taxation or from the seizure of funds belonging to the United States.

These financial measures of 1861 were prophetic of what the subsequent years held in store. Further issues of bonds and of treasury notes were made, and every conceivable method of safeguarding such issues was attempted. But the proceeds of taxation were inadequate to support the credit of the government, so that it became increasingly difficult to float bonds, and treasury notes were emitted in enormous quantities. During the last ten months of 1862 only 9 per cent of the revenues came from the sale of bonds, while 85 per cent were derived from treasury notes and certificates. Doubtless the showing would have been somewhat more favorable if the blockade had not restricted imports and rendered the exportation of cotton most difficult. But even then the development of taxation would have lagged behind the requirements of the situation, and the ultimate outcome would have been the same. If the planters could have exported cotton freely, they would not have exchanged their crops for the securities of the government.

Professor Schwab devotes five chapters to Southern banks and the history of Confederate currency. Naturally the large issues of treasury notes inflated prices, and led to the appearance of a premium on gold as early as the middle of 1861. Subsequent emissions increased the depreciation, until one dollar in specie was finally worth sixty-five dollars in paper. Greatly to its credit the Confederate government refused to enact a tender law, but the treasury notes found their way into circulation nevertheless, and the State legislatures "went to great lengths in passing legal-tender laws." Of

course, the extreme redundancy of paper did not satisfy the demands for "more money," which continued to be heard even when the volume of currency had assumed the proportions of a deluge. The inflation was increased by State, and even municipal, issues of treasury notes, which finally aggregated many millions. In this respect the experience of the Confederacy resembled that of the old Continental Congress, which encountered the competition of the several States in the issue of bills of credit.

In February, 1864, the Confederate Congress passed its famous "Funding Act," which was intended to "reduce the currency" by compelling note-holders to fund their notes in 4 per cent bonds, or to exchange them, at a discount of 33 1-3 per cent, for a new issue of paper. This law Professor Schwab justly considers an act of practical bankruptcy, and he compares it aptly with the resolution adopted by the Continental Congress on March 18, 1780. In the later, as in the earlier case, the result of such legislation was to wreck the finances beyond hope of repair. No more bonds could be floated, and until the final downfall of the Confederacy, the expenses of the government, "like those of a bankrupt corporation, were chiefly met by creating a huge floating debt, represented, for instance, by large arrears—four hundred to five hundred millions—in the War Department, and by accumulated unpaid warrants on the treasury."

Professor Schwab's final chapter deals with Confederate and Local Taxation. Customs duties were levied in 1861, but these, and especially the export tax on cotton, proved to be unproductive on account of the blockade. The only other tax authorized that year was a direct war tax upon property. The States were allowed to assume payment of the quotas, and proceeded to borrow the amounts due, so that the tax was virtually changed into a loan. Even then the yield was disappointing, and, during the entire war, direct taxes supplied but one-third of one per cent of the total revenues of the Confederacy in one year and two-thirds of one per cent in another. No additional taxes were imposed until April, 1863, when the Congress "levied a great variety of taxes upon property, earnings, and occupations." Within a year some \$60,000,000 in paper, equivalent perhaps to \$3,000,000 in specie, was derived from this source. In 1864 this tax was re-enacted, and some additional imposts were established; but from April to September of that year the specie value of all taxes collected was only \$2,000,000. Recourse to taxation came too late to support the credit of the bonds and paper money, and the Confederacy was tottering to its fall when its financiers awoke to the urgent need of such an expedient. Even then the results were most disappointing, and nothing could avert total bankruptcy.

We cannot comment on Professor Schwab's discussion of Southern trade and industry during the war, or his treatment of the finances of the separate States, valuable as both of these are. He depicts forcibly the industrial and social disintegration that culminated in utter exhaustion, and concludes, justly, that the "Southerners' sacrifices far exceeded those of the Revolutionary patriots." To the economist, he thinks, the interest of the war "centres about the picture it presents of the negation of normal economic forces."

For this work Professor Schwab has laid all students of financial history

under lasting obligations. Only a person who has labored over newspaper files and local records can appreciate the amount of work which the book entailed. But no one can fail to profit by the clear and instructive presentation of the facts elicited from all such sources, and to a large circle of readers "The Confederate States of America" will possess a permanent interest and value.

CHARLES J. BULLOCK.

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The Constitutional History of the United States. By FRANCIS NEWTON THORPE. 3 vols. 1705-1895. Chicago: Callaghan & Co., 1901.

There have been several histories of the Constitution of the United States. Professor Thorpe is the first to make a serious attempt to write the constitutional history of the United States. The United States were not produced by their Constitution. They had already had a full and busy existence for a dozen years, and if we follow President Lincoln in his characterization of the Continental Congress of 1774, for fourteen. The component states had also had each its separate life and history,—separate and yet not wholly so. Their peoples had come to share the name of Americans, and many among them had long felt a certain sentiment of nationality.

In surveying the field before him, at the outset, Prof. Thorpe thought it too large to be covered by a single work. He, therefore, set himself first to the task of preparing what he styled a "Constitutional History of the American People." This he published in 1895, bringing it down to 1850; and now have come three volumes more, directed more particularly to the national features of our political system.

Something has been gained and something lost by this division of a subject which is really one. To those who read both works, it puts in bolder relief the aspect of the state as the forerunner and, in some respects, the prototype of the United States, and directs attention first, in a broad way, to the especially social, economic and psychological forces which lie at the foundation of our history. But to the greater number who will read but one, the author's plan of division makes his treatment of his theme seem incomplete; and frequent repetition in the later history is only avoided by as frequent references to the preceding one. In an age which knows so well the economy of combination, it seems a solecism to write two books when both might fairly be comprehended in one.

Mr. Thorpe prefaces his first volume with the observation of Professor Dicey that the historian of our Constitution is primarily occupied with ascertaining the steps by which it has grown to be what it is, whereas an American jurist, in lecturing upon it, would necessarily start from the written document itself. Such a remark from a foreigner is not unpardonable, but we confess our surprise at its endorsement in the work under review. In the earliest lectures on the Constitution of the United States by an American jurist, those published by Mr. Justice Story as his "Commentaries on the Constitution," half of the first volume is taken up with a review not dissimilar to that undertaken by Prof. Thorpe, of its historical sources and environment; and the same thing is true of the latest work on the Constitution, that of J.

Randolph Tucker, which also presents what was originally a set of lectures given in an American law school.

No previous writer on the subject, however, has explored his preliminary field in all its corners as fully as Prof. Thorpe.

He is also often very happy in his generalizations. His application of the doctrine that the frontier is always democratic is an instance of this. "The American colonies," he observes (I, 23) "were the English frontier, and their voice was against prerogative and for the supremacy of the general assembly." Great weight is justly given (I, 22, 48) to the conservative influence of the system of county government, under which matters of local administration have always been regulated in the South. It kept power and patronage in the hands of county families, and tended strongly to the maintenance of aristocratic conditions.

Occasionally a statement occurs which might have been better guarded. Thus, in contrasting the provinces under royal governors with the two strictly republican colonies, it is said (I, 18) that in the latter the rights both of property and government belonged to the people, and that "by the people is to be understood that portion of the population who were of age, who were free men and land owners, and who subscribed to such religious qualifications as the laws required." The rights of property, however, if by that the author means anything but the ultimate title of the sovereign, belonged of course in every colony to the several owners of the property, whoever they might be, inhabitants or foreigners, grown men or babes in arms. If, on the other hand, reference was intended to the rights incident to sovereignty, these belonged to the colony, or its whole people collectively; men, women, and children, freeholders or landless alike.

It has been considered an axiom of American politics that the Senate was constituted to represent the states, and to represent them on a footing of equality. Prof. Thorpe, without laying any very firm foundation for the observation, remarks that there were those in the Convention which framed the Constitution who thought (I, 409) that "as the Senate was intended to represent the wealth of the country, it ought to be composed of rich men." It may well be doubted if two men in the Convention entertained such a sentiment.

The best part of the work under review is that which describes the growth of the Constitution since 1789.

A valuable table is given in Vol. II (p. 201) of the American precedents for the earlier amendments. The first Congress of the United States under that instrument was really also a constitutional convention, and Prof. Thorpe presents a readable and well-ordered statement of the debates on this new bill of rights.

Slavery, with its hydra head, its fall, and the thousand questions arising out of its fall, necessarily makes the subject of a large part of the second and third volumes. They touch on less familiar ground, and give an opportunity for generalizations on fresh themes which have been effectively improved.

The author is least happy when he discusses bare legal propositions or

traces out their consequences. Thus he observes (I, 24) that "had America been formally bound by the common law, it would never have been independent, for by the common law independence was treason." In most things the common law of England was generally recognized throughout the colonies as of controlling obligation, although by some of their political leaders (Roger Sherman, for instance) it was treated as such because we had freely adopted it for ourselves, not because it was the law of England but because it was right. Allegiance was defined by it. The consequences of violating one's allegiance were defined by it. Our fathers knew well that to maintain our political independence was treason, unless successful; but they knew also that "rebellion to tyrants is obedience to God."

Prof. Thorpe divides his first volume pretty equally between a preliminary discussion of the beginnings of the United States and an account of the doings of the Convention of 1787. Volume II opens with the consideration of the reception by the states of the new Constitution and of the amendments which public sentiment immediately called for; concluding with an examination of the long struggle for state sovereignty in its fullest meaning, which culminated in the secession of the South. Volume III discusses at length the immediate consequences of that movement, with respect to the negro, and the three amendments to the Constitution designed to reconstruct the Southern states, and which have almost reconstructed the United States. Here, as the time-limit of the author's "Constitutional History of the American People" is passed, there is a certain reversion to the scheme of that work, and great space is given to the course of popular opinion and the legislative action in the several states. The book then concludes with a backward glance, in the nature of a review, at the Constitution as a whole, and a brief mention of some of the later utterances of the Supreme Court of the United States on national questions.

One is struck now and then by an inaccuracy of expression, indicating a reliance on the recollection of the author, when it would have been safer to consult the original authority. Thus, it is stated (I, 57) that the assertion by the New York Congress of 1765 "that the attempt of Parliament to tax the colonies would be 'unconstitutional' was perhaps the earliest use of the word in its modern sense by an American assembly." In fact, the assertion was that no taxes could be "constitutionally imposed upon" the colonies but by their own legislatures. The author also refers (I, 56) to the Declaration by this Congress as "the earliest formal presentation of the epoch-making doctrine of the natural rights of man." It is somewhat difficult to discover the doctrine in that paper. Its argument from beginning to end is that the colonists are Englishmen, and free because and as Englishmen are free. If the phrase relied on is the third article, "That it is inseparably essential to the freedom of a people and the undoubted right of Englishmen that no taxes be imposed on them but with their own consent," etc., it is enough to say that this is rather in the nature of a corollary from the second article, in which the colonists are described as entitled to the inherent rights and liberties of their fellow-subjects born on English soil.

Few historical studies are more irksome and disheartening than those

which must be prosecuted by searches in the Journals of the Continental Congress. This is due to the division of the records into two sets, the open and the secret, and to the wretched indexes, too helpful to be wholly neglected and too defective to be ever relied on. The author has undertaken to extract from these Journals a statement of the authorized emissions of continental bills (I, 125), and with results different from those heretofore accepted. An examination of the Journals themselves shows that he has overlooked several important issues, as, for instance, that of July 25, 1775, \$1,000,000 (I Journ. of Congr., 165), and that of February 17, 1776, \$4,000,000 (II Journ., 65). In the next following table of colonial emissions, a comparison with other authorities, such as Bronson's *Historical Account of Connecticut Currency, Continental Money and the Finances of the Revolution*, also shows very material errors.

But it is almost ungracious to comment on such minor defects when there is so much to commend in the work as a whole. Few authors are at once precise in detail and broad in comprehension. The real power in any history lies in its manner of grouping and arranging facts so as to show their true relation to each other, and to bring out that order in the sequence of events which always exists, but may lie too deep to be seen by the ordinary eye. *Felix qui potuit rerum cognoscere causas*. Professor Thorpe's previous work has shown that he possesses not a little of this faculty, and the book under review is a still stronger proof of it. No one, for instance, has before brought out into as strong relief one great lesson of the Civil War,—“its demonstration that sovereignty abides with the constituency, and not with the agent; that it exists with the people of a state, and not in a state as a political corporation” (III, 522).

Mr. Thorpe's history, as a whole, is one of substantial and permanent value, and the material that he has brought together will be a mine of information to all future writers on American politics in the nineteenth century.

The last stage in the development of the Constitution which the limits assigned to his task allowed him to touch upon is that culminating in the income tax decision. Its growth has since been making rapid progress. He was probably wise in assuming that, without the perspective of time, an American would find it difficult, either as writer or reader, to pass a fair judgment on the events of the last four years. With the aid of the perspective of distance, Professor Hauser, of the University of Dijon, in commenting on “*L'Essor économique des Etats-Unis au XIX^e siècle*,”¹⁰ has recently said this: “*Avec l'année 1898 commence en réalité une période nouvelle: les victoires sur l'Espagne, le triomphe de la politique d'expansion, le triomphe de la monnaie d'or témoignent de ce changement.*”

This new period, political as well as economic, will not simply have a history of its own. It will bring into strong light forces that have been working underground since the Civil War, and lend new emphasis to some of the positions advanced by Professor Thorpe in his third volume.

New Haven, Conn.

SIMEON E. BALDWIN.

¹⁰ *Bulletin de l'Association des Amis de l'Université de Dijon*, Tom. 6, No 5, Feb. 1902.

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NOTES

I. MUNICIPAL GOVERNMENT

New York.—*The City Record.*—The Department of Public Charities in the city of New York has adopted a laudable plan in its quarterly public statement. The contents of this report belong more properly to another department of THE ANNALS, but its importance from the general municipal point of view deserves mention here as showing the possibilities of a well-written official report when addressed to taxpayers and the general public instead of library shelves.

Commissioner Folks begins his statement by saying that it includes only such reports as are of general interest, and excludes the voluminous matter hitherto included in the quarterly reports of the department, dealing in detail with minor repairs made and other work done at each of the various institutions. A page of editorial matter follows, setting forth various administrative changes. Five pages of tabular statistics show the method of bookkeeping in the department, and contain many suggestions, not only for treasurers and auditors of city accounts, but also for the superintendents of eleemosynary institutions. For instance, no official can fail to profit from a glance over the statistics of the municipal lodging house, where lodgers are classified not only according to sex but with reference to nativity: age (under 2, 2 to 16, 16 to 21, 21 to 50, 50 to 70, 70 and over); time in city (under 60 days, 60 days to 6 months, 6 months to 1 year, 1 year to 5 years, 5 years and over); natives; references (number and kind); medical attendance; disposition (sent to work, sent to Society for Prevention of Cruelty to Children, sent to lodging house).

Probably in no page of the city's documents are reflected greater insight, technical knowledge and business ability than in Commissioner Folks' editorial page. One marvels that a new incumbent should have been able to accomplish so much in three months. Only one familiar with the problems involved could have done this. Of special interest here are the indications of improvements in bookkeeping, by which responsibility is more immediately and conclusively located. For instance, by merely requiring certain reports, the commissioner has practically stopped transfers of patients from one hospital to another, when disease or accident makes such transfers hazardous. Likewise, the property of inmates is being properly accounted for. Specifications for contracts are arranged to afford full opportunity for bidders, being made more specific and a copy of each being sent to the heads of all institutions, who are instructed to report forthwith any supplies not conforming to the requirements of the specification.

The officers in the Department of Public Charities have by legislation been enabled to secure the adoption of a school teachers' retirement fund. All servants and domestics heretofore carried on the payroll of the department and assigned to duty in officers' families have been dropped from the

payroll, and the officers have been forbidden to assign such duties to any person receiving compensation from the city. It has been found possible to transfer some twelve hundred persons a year directly to Blackwell's Island without going first to Flatbush at considerable expense to the city and discomfort to the patients. A little study of statistics having shown that foundlings boarded in families die at the rate of only 14 per cent instead of 100 per cent, as in institutions, the commissioner has adopted the plan of giving to orphans and dependent children the advantages of family care. Incidentally it has been found possible at the city hospital to decrease the number of employees by ninety-five. At the same time, the number of patients has increased by eighty-nine. This interesting report for the quarter ending March 31, 1902, dated May 24, 1902, is to be found in Volume XXX, 8832.

Cincinnati.¹—For the first time since 1851, the year in which the present constitution of Ohio was adopted, the legislature has yielded to the constitutional provision against special legislation. Heretofore special laws enabling municipalities to issue bonds for specific purposes have been passed, and these have been upheld by the Supreme Court, but within the last six years the court has been divided on the question, and during the past year the majority of the court has finally declared such special legislation unconstitutional. The new law provides that all legislative bodies of municipalities, townships and counties, two-thirds of the members concurring, shall have power to issue bonds for all authorized purposes to an amount not to exceed 1 per cent of the total duplicate in any fiscal year. Should the amount asked for exceed that amount, it must be submitted to a vote of the people in that political division. The total amount so issued shall never exceed 4 per cent of the total duplicate unless a referendum is had.

Important changes were made in the state tax laws, which in time will raise a revenue sufficient to do away with the present indirect state levy. Hereafter all domestic and foreign corporations organized for profit must file annual reports with the Secretary of State, setting forth the amount of authorized capital stock, par value of each share, amount subscribed, amount issued and outstanding, and amount paid up. Domestic corporations must pay annually a fee of one-tenth of 1 per cent upon the subscribed or issued and outstanding capital stock of said corporation, and to be not less than \$10 in each case. Foreign corporations, in addition to corporation fees, must pay annually a fee of one-tenth of 1 per cent upon the proportion of the authorized capital stock of the corporation represented by property owned and used and business transacted in Ohio, in no case less than \$10. Corporations not organized for profit must pay annual fees of \$10 if they are mutual insurance companies or mutual benevolent companies, and \$1 if they are religious and charitable organizations. So much for the fiscal acts of the legislature.

Unfortunately its political acts were not so beneficial. The Garfield Corrupt Practice Act was repealed, and hereafter the candidate for office will be unhampered in his campaign expenditures.

The friends of good government made another gallant but unsuccessful

¹ Contributed by Max B. May, Esq.

fight for a municipal code, including civil-service provisions. The adherents of the measure gained some strength, and if the interest in the movement is kept up it may ultimately succeed.

The electors of the State of Ohio will have an opportunity of voting this fall for a constitutional amendment granting to the Governor the veto power. Ohio is one of the four states of the Union (North Carolina, Delaware and Rhode Island being the other three), whose governors have no veto power. This denial of the right of veto was originally due to the hostility to Governor St. Clair, the first governor of the old Northwest Territory.

The legislature also authorized municipalities to sprinkle streets at the expense of property holders, provided a sufficient number of residents of a given district petitioned council to do so. All the city levies must hereafter be approved by the board of supervisors, thus insuring a uniform system of levy.

Andrew Carnegie has given the city \$180,000 for six branch public libraries, on condition that the city furnish the sites. The legislature has accordingly authorized the expenditure of \$180,000 for such sites.

The Supreme Court of Ohio recently upheld the validity of the extension of the lease of the Cincinnati Southern Road, and, in accordance with the terms of the law, the Sinking Fund trustees have begun to refund the outstanding bonds of the city, some of which mature on July 1, 1902. Eight million dollars of these bonds, the interest rate of which heretofore has been 7 3-10 per cent, will be refunded by a 3 1-2 per cent bond. The premium on these bonds was 103.81, which will reduce the interest rate from 3 1-2 to 3.295.²

Minneapolis.³—*Police Scandal.* In the *ANNALS* for May, 1901,⁴ attention was called to a particularly flagrant example of the application of the spoils system, whereby one-half of the police force of Minneapolis was dismissed in order to provide places for the supporters of the incoming mayor. This move has already produced a result which might have been anticipated, in the worst municipal scandal that has ever marked the history of the city, and one that has had but few parallels in the annals of police corruption elsewhere.

Early in May it became known that the grand jury was investigating the allegations of police corruption that had been prevalent from almost the

²Since the writing of the above communication, the Supreme Court of Ohio has delivered four additional important opinions involving constitutional questions, and in each case the classification of cities by classes and grades has been declared unconstitutional. The present municipal government of Cleveland has been declared unconstitutional. The condition of affairs has become so serious that Governor Nash has called a special session of the Ohio Legislature to meet at Columbus, August 25, 1902. At this session it is more than likely that a municipal code applying uniformly to all cities and villages will be adopted. The contest will be between a "federal system" of city government; *i. e.*, heads of departments appointed by the mayor, and the "board plan;" *i. e.*, administrative officers elected by the people. There is little or no probability of the merit system being adopted as an integral part of the new code.

³Contributed by Prof. Frank Maloy Anderson, University of Minnesota.

⁴P. 139

beginning of the administration. It was some time, however, before the public became convinced that important results would be obtained, and only within a few days has the full extent of the corruption become apparent. Up to the present writing five members of the police force have been dealt with by the courts; one, the chief of police, was acquitted, to the great surprise of the public, the case against him being apparently very strong; three others were tried, convicted and sentenced to imprisonment for terms ranging from ninety days to six years; a fifth pleaded guilty and is awaiting sentence. Several others, including the mayor and the chief of police (under a second indictment) are also awaiting trial; two more are fugitives from justice.

Several different charges have been brought against the culprits, the most common being the acceptance of bribes from "big mitt" gamblers and keepers of houses of prostitution. The trials disclosed the existence of a regular system whereby the police not only permitted but assisted "big mitt" men to fleece their victims. One captain of police was convicted of extorting money for an appointment to the police force. It seems quite probable that several more convictions will be obtained, but however that may be, the investigation has already produced enough benefit to warrant its inception. The public has been aroused as never before upon a municipal matter. Doubtless no thoroughgoing reformation of the police force will be possible until the expiration of the present mayor's term of office in January, but already much has been done in response to the demands of public opinion. It is a safe prediction that Minneapolis will not soon have to fight again the grosser forms of police corruption.

Primary Election; Separate Election. At the beginning of the investigation little attention was paid to the matter outside of Minneapolis; as the extent of the corruption was brought to light interest in the affair became quite general. Owing to this tardy attention two widespread impressions in regard to the matter have become prevalent; first, that the corruption extends to all or nearly all the branches of the city government; second, that the scandal is a result of the primary election system put into operation for the first time at the last election. The first of these is totally erroneous. Under the charter the mayor has complete control over the police department and but little other power. In consequence the corruption has been confined to the police force. The second impression is partly correct, but principally wrong. It is probably true that no convention would have given a party nomination to the present mayor, and his election was, therefore, due in part to the primary election system. But, on the other hand, under ordinary circumstances he would have been beaten at the polls. A most peculiar combination of circumstances enabled him to carry the election. The present scandal constitutes an argument for separate municipal elections rather than an argument against the primary election system.

Orange, N. J.—*Civics Club.*⁵ A season of considerable activity and interest was closed by the members of the Civics Club of Orange, N. J., with their annual dinner on the evening of May 14. Thomas M. Osborne, of

⁵ Contributed by: M. De Lisle Zimmerman.

Anburn, N. Y., president of the board of trustees of the George Junior Republic, delivered an address on "Civics and Reformatory Movements;" Clinton Rogers Woodruff, of Philadelphia, spoke on "Civics and the Work of Organization in State and Nation," and the Rev. Charles H. Mann, editor of the *New Church Messenger* and member of the Orange Board of Education, on "Civics in Relation to the Education of the Citizen."

The civic movement in the Oranges is conducted by three organizations, the Citizens' Committee, which is devoted to excise questions and aids the boards of excise; the Civics Sanitation Committee, which gives its attention to health matters, supplementing the work of the boards of health; and the Civics Club, which studies the questions of municipal government and, by public discussion, endeavors to enlighten the mayors and common councils as to public views on civic questions, and to give their support to beneficial legislation.

Two important objects were accomplished by the club during the past season, the organization of a State Federation of Civic Clubs, or rather associations formed to promote civic improvement, and the starting of a movement to obtain public playgrounds for the children in the Oranges. Fourteen associations from different parts of the state have joined the Federation.* Although it is but two months since the club took up the question of public playgrounds for Orange children, the movement is so far advanced that in a few weeks the grounds will be provided. As soon as the club decided to take action in the matter, a committee was appointed to confer with similar committees from other charitable and humane societies in the Oranges. A conference was held, an organization effected, and plans adopted. The Essex County Park Commission, the boards of education and the common councils may be counted upon to assist the movement, while private citizens have offered to aid by the use of their vacant land and by money contributions.

Early in the season, with the view of getting expert opinion on the tax question, the club sent a copy of the Tax Reform Association's platform to every assessor in the state, asking if the changes in legislation, local option in taxation, etc., which the association advocated, would be beneficial. A number of replies were received, a large majority in favor of the platform, while those who did not favor it stated that the tax laws need revision. No action was taken in the matter by the club, although the tax question presented itself in a number of different forms during the season. It is impossible to state how largely the club discussions of such questions as the need of an isolation hospital, the granting of the water and electric contracts, trolley franchises, sidewalks, street signs, scavenger service, etc., have influenced the action of the common councils, but on several occasions the club members have been gratified to see their ideas carried out, although they have not made any direct recommendation in the matter. They feel that one of the most effective ways of influencing legislation in the common councils is by promoting discussion of the views of taxpayers and public officials.

*See ANNALS, MAY, 1922, p. 165

National Municipal League.—We take pleasure in calling the attention of our readers to the seventh annual report of the National Municipal League, which, while purporting to be the proceedings of the seventh conference, held at Boston, May 7 to 9, 1902, contains, as do its predecessors, a great amount of material in the way of special and elaborate reports. Since the volume has not yet passed the proof stage, we leave until later a detailed review. We wish here to mention two features of the report which may be of immediate interest and assistance.

Municipal Program.—The secretary of the league calls attention to the influence of the Municipal Program.⁷ The Mayors' Association of Connecticut declared in January for city charters "uniform in character," and calculated to leave as many of the details as possible "to the local officers of the community to be governed." Of the new St. Paul charter a local organ said: "It is the best charter ever constructed in America. . . . It has been framed as nearly as possible in accordance with the principles and recommendations of the National Municipal League. . . . The Commission had before it, and made use of, the books published by the league, and it was found that the wisdom and experience of the members of the league were of great help and advantage." The new Alabama constitution likewise reflects the Municipal Program in several important respects, as does that of Virginia.

The secretary calls attention to the fact that "practically every Charter Commission has in some wise used the proceedings of the National Municipal League and its Municipal Program. One Commission provided each member with a copy of the latter volume. In Honolulu one of the papers published the Program in its entirety, to enable the Hawaiian legislature to be properly informed concerning what the paper in question was pleased to call a 'model charter.'"

Committee on Instruction in Municipal Government.⁸—The second report of the committee contains two outlines of courses designed to furnish practical suggestions for colleges that have not yet introduced special courses in municipal government, a plea for municipal art as a subject of study in school and college, and a list of eighteen available lecturers for single and course lectures together with seventy-eight subjects. Dr. Sparling, of Wisconsin, gives an outline of his valuable laboratory course, dealing with administrative methods and problems, while Professor Zueblin's contribution is a skeleton sketch of the course of lectures which he has given so successfully throughout the country, East and West. Professor Adams, formerly of Pennsylvania, suggests convincingly the strategic importance of approaching municipal problems from an aesthetic standpoint.

The committee began its work with a desire not only to ascertain what is actually being done to give our students an understanding of municipal government, but more particularly to place practical suggestions within reach of every college. The two reports have presented five complete courses carefully worked out and tested in class-room and arena. While it is true that

⁷ See ANNALS, May 1901, p. 106, 115-117.

⁸ See ANNALS, Jan. 1902, pp. 1, 13, 147.

these courses have been prepared for the large universities, Pennsylvania, Cornell and Wisconsin, the outlines are so complete and so well organized that they teem with suggestions that can be successfully applied in the small college. With the references and syllabuses given by Professor Rowe, Professor Zueblin, Dr. Brooks, Dr. Sparling and Mr. Woodruff, the teacher in the small college can easily introduce into his courses in sociology, history, economics or political science three, six, twelve lectures on municipal government, or, perhaps most advantageously, a course for the second term. No one can read these two reports of the committee without being satisfied that they offer a practical way to make municipal problems of vital interest to the American student.

The report may be had upon application to the National Municipal League, Philadelphia, and is signed by President Thomas M. Drown, Lehigh University, chairman; Professor E. L. Bogart, Oberlin College; Professor John H. Finley, Princeton University; Dr. Wm. F. McDowell, secretary Methodist Board of Education; Clinton Rogers Woodruff, Philadelphia; Dr. Wm. H. Allen, secretary New Jersey State Charities Aid Association; Professor Charles Zueblin, University of Chicago; Professor Kendrick C. Babcock, University of California; Professor John L. Stewart, Lehigh University.

II. PHILANTHROPY, CHARITIES AND SOCIAL PROBLEMS

Special Inquiries by the New York State Board.—The New York State Board of Charities has completed an important and fruitful study of the inmates of children's institutions who have been public charges continuously for five years or longer. The board has supplied the local relief officers charged with the support of these children with a list of their names, and has requested that efforts be made to place out such as are reported eligible for placing out by reason of orphanage, abandonment, improper guardianship of parents, or by other causes, and that those who have relatives legally liable for their support be urged either to assume the care and custody of such children, or contribute in whole or in part for their support; and further that steps be taken to give those reported as defectives, such special remedial care and attention as will render them self-supporting or to make application for their admission to state institutions where they may receive such care and attention as their particular needs require.

Each institution is also furnished with a list of the names of its own inmates falling under the various classes, and requested to co-operate with the public authorities chargeable with the support of such children for the purpose of securing the disposition recommended by the board with reference to said children.

The board has also been investigating the extent to which the provisions of the public health law are observed by charitable institutions, and has ordered a thorough examination to be made into educational methods and facilities of the institutions which it visits and inspects. It is proposed to examine systematically the cases of children placed in family homes by local poor-law officers. Such inquiries as these are excellent illustrations of the kind of work that should and can be undertaken by state boards of charities, when these are primarily inspecting and supervising bodies rather than boards of management or control.

Massachusetts Civic League.—The report of the Massachusetts Civic League covering the work of the year 1901 has appeared. The report of the Legislative Committee, the best exponent of the general purposes of the league, shows that the league was instrumental in promoting legislation upon a variety of subjects. Among others, there was a bill for an intermediate industrial school for boys, its object being to provide reformatory treatment, apart from adult criminals, for boys not less than fifteen nor more than eighteen years of age, a class of boys too old for the Lyman School and too young, it was argued, for the Concord Reformatory. The bill failed to pass the assembly. Another bill favored by the league provided that the State Board of Charity should visit annually or oftener all charitable institutions or homes whose property is exempt from taxation under provision of the law relating to literary, benevolent, and scientific institutions. This bill was also defeated. Still another bill provided that no petition for the incorporation of a charitable institution or home for the care and support of

minor children should be considered by the Commissioner of Corporations until it had received the approval of the State Board of Charity. This bill was enacted with some minor amendments. A bill providing that all plans for the construction of new almshouses by cities and towns and the reconstruction of old ones should be submitted to the State Board of Charity for its approval was not reported from the committee, due probably to a feeling that the State Board of Charity was asking for, and receiving, very considerable powers from the legislature.

The league has been active as well in promoting civic improvements, mainly in connection with public playgrounds and the public schools. The salaried office of assistant secretary has been created experimentally. This office will give special attention to strengthening the membership of the league, which at present numbers 1,185.

The Labor Exhibit at the Buffalo Exposition.—A series of six monographs on social economics, published by the United States Department of Labor as part of the labor exhibit at the Buffalo Exposition, may be obtained by application to the Hon. Carroll D. Wright, Commissioner of Labor at Washington, D. C. The titles of the pamphlets are as follows: (1) The Work of the Department of Labor; (2) the Value and Influence of Labor Statistics, written by Carroll D. Wright; (3) Employer and Employee Under the Common Law; (4) Present Status of Employers' Liability in the United States; (5) Protection of Workmen and Their Employment, by Stephen D. Fessenden; (6) Public Baths in Europe, by Edward Mussey Hartwell.

Special Inquiries by the Elmira Reformatory.—The annual report of the New York State Reformatory, at Elmira, for the year 1901, contains an interesting biographical compendium covering the period of the Reformatory's existence, from 1876 to the present time. These tables are compiled from information relating to 10,538 inmates, including all but two of those indefinitely sentenced. From one, an illiterate foreigner, no reliable data could be secured; another refused to give any information as to his family or past life. There are tables relating to parents of inmates with respect to heredity, drunkenness, education, pecuniary circumstances, and occupation; tables relating to the inmates themselves, taking account of their environment, age, physical condition on admission, the nature of offences, and the ratio of progress in the grades of the prison population. It is shown, for instance, that 1,682 or 15.06 per cent were without any education; that 5,015 or 47.59 per cent could simply read and write with difficulty; 32 per cent had ordinary common-school education, and but 4 per cent had attended the high school or higher institutions of learning. More than 55 per cent had associations which were positively bad, 42 per cent were not good, leaving but 1.5 per cent which could be considered desirable. More than 95 per cent of the offences were against property, about 8 per cent against the person, and a little less than 5 per cent against the peace. At the time of admission to the institution 55 per cent were between 16 and 20 years of age, 34 per cent between 20 and 25 years of age, and 10 per cent between 25 and 30 years of age.

Pension System for Street Railway Employees.—The Metropolitan Street Railway Company of New York has established a pension system for the relief of the superannuated employees of the company whose maximum annual wages have not exceeded \$1,200 per year. The system went into effect July 1, 1902. It provides for the voluntary retirement of all employees who have attained the age of seventy, and who have been continuously in the service of the Metropolitan Street Railway Company, or any of its constituent companies, for twenty-five years or more; and for the involuntary retirement of all employees between the ages of sixty-five and seventy who have been twenty-five years in such service, who, in the opinion of the trustees of the pension, have become physically disqualified. For a continuous service of thirty-five years or more a pension will be allowed amounting to 40 per cent of the average annual wages for the ten years preceding retirement; for service of thirty years, 30 per cent will be allowed; and for a service of twenty-five years, 25 per cent. The funds from which payment will be made will be appropriated each year by the company, and employees will not be required to contribute to it.

It is announced that the Central Railroad of New Jersey is devising a pension system on somewhat similar lines. A usual feature of such plans as they are now receiving favorable consideration by railway systems is the fixing of a minimum age limit of thirty-five or thereabouts for new employees.

The Study and Treatment of Epilepsy.—A noteworthy development in the study of epilepsy and the treatment of epileptics in this country was the organization of the National Association for that purpose, which met in its first annual convention in Washington, D. C., May 14 and 15, 1901. The proceedings of the association at this meeting are presented in a beautifully printed and illustrated volume, which has recently been published. It is edited by Dr. William Pryor Letchworth, who is the author of the book entitled "The Care of Epileptics," and who is the president of the association. The volume presents an excellent résumé of the provisions for the care of this class of defectives in the various states of the Union and in many foreign countries, including Mexico, Brazil, England, Belgium, Germany, Switzerland, Sweden, Russia, Italy, Turkey, India, Japan, and Austria. These papers upon the methods in particular states and countries are fittingly preceded by a paper by Dr. William P. Spratling, entitled "An Ideal Colony for Epileptics, and the Necessity for the Broader Treatment of Epilepsy."

One of the most important papers in the volume is that written by Dr. Frederick Peterson, which very clearly sets forth the causes of this disease and the means of prevention and cure. Heredity, alcoholism, injury to the head at birth, in childhood or in later life, are given as the chief causes of epilepsy. The seat of the disease is in the gray matter on the surface of the brain. It is understood that the recurrent seizures are due to a kind of explosion in the great nerve cells of the gray matter. It is not an organic disease, but what is called a functional disorder, a neurosis. Neither by the naked eye nor by the microscope have any changes in the brain cells or in the nerve fibres been discovered that can be considered constantly and distinctively associated with epilepsy.

The course of the disease depends upon the frequency and severity of the attacks. In about 10 per cent the frequency and severity are so great that the patient becomes ultimately insane. This is the natural result of a disease of the highest nerve centres of the brain. All authorities agree that between 5 and 10 per cent are curable, so that the disease is not so hopeless as many physicians have hitherto believed. "Unfortunately," says Dr. Peterson, "this skepticism on the part of medical men has led to superficial investigation and desultory care in these cases, and the results of such negligence have rather tended to demonstrate the truth of the assumption of incurability. I believe, as the result of my own experience and observation, that there is almost no case so bad that all hope of cure must be abandoned, and I believe that my confreres at the Craig Colony and at other institutions specially adapted to the care of epileptics will corroborate this view."

As to the prevention of hereditary epilepsy, Dr. Peterson says:

"If we were but able in the human family to control the reproduction of individuals with hereditary instability of the nervous system, it would be a long step in advance for preventive medicine. We display an extraordinary solicitude with regard to the proper development of our horses and cattle, but seldom even ordinary precaution in the rearing of human progeny.

"But some day the laws of heredity will be so fully appreciated that the parties to the marriage contract, the officiating clergymen, the physicians, and the lawyers will combine to aid in uplifting the human race, instead of complacently permitting its degradation.

"This must be a matter of general education of the people in the facts of morbid heredity. As it is now, the marriage of epileptics, the feeble-minded, and partially insane persons is a matter of frequent occurrence, not to mention the greater frequency of marital unions of the hysterical, neurasthenic, and otherwise diseased individuals.

"I have personally met with married epileptics, and several years ago I observed an instance of the marriage of an epileptic man and an epileptic girl, both of whom were intelligent and fully aware of the name of their malady. It is doubtful if the laws to prevent such unions, recently enacted in two or three of our Western states, will be effective; but at any rate, the agitation of the subject by the press and the existence of such laws must be helpful in educating the public to the moral wrong and the dangers of indiscriminate marriages.

"Preventive medicine, as applied to epilepsy, must also take sides with the temperance societies against the common enemy, alcohol; until the effects of neurotic heredity are fully understood and the evils of alcoholism and ill-advised marriages are fully understood, we shall always have with us children born with the blight of ancestral sins and woes."

The Prison Association.—The Proceedings of the Annual Congress of the National Prison Association, held at Kansas City, Mo., November 9 to 13, 1901, have appeared in a cloth-bound volume of nearly three hundred pages. In the same volume are published the proceedings of the Wardens' Association, the Prison Physicians' Association, and the Chaplains' Association, all of which met in conjunction with the larger body. The book is well

indexed. There is a directory of the state reform schools in the United States, and another of the state industrial reformatories and penitentiaries of the country. A full list of the delegates in attendance is printed, with their official titles and addresses. The Congress for 1902 will be held in Philadelphia in September. Rev. John L. Milligan, Allegheny, Pa., is the general secretary.

The *Illustrirte Zeitung* for May 22, 1902, contains an interesting description of a large popular hotel, *albergo popolare*, opened last year in Milan. The house is a large five-story brick structure, built after the same English models which were followed in constructing the Mills hotels in New York, and, like the Mills hotels, it is designed to furnish to people of small means the convenience of a modern hotel. So successfully has this design been accomplished that the house has attracted not only laborers, but students, business men from the country and from other cities, and even government officers and traveling men from other countries. A motto which stands over the door reads: "Have regard for others if you wish others to have regard for you." The observance of this may in part explain the harmony with which people of different classes are being entertained in the same house, and that even in a country where class distinctions are much more rigid than any known in America.

The *albergo popolare* contains 550 small bedrooms, each provided with an iron-frame bed, a chair and other necessary furniture. There is a dining hall with buffet attached, a library, a comfortable reading and smoking room, and baths, lavatories, barber shop, shoe shop, storage room, etc. The building is lighted by electricity, heated by a central plant, and provided with an abundance of running water. Order, cleanliness and simple elegance characterize all the appointments.

The price of lodging is fifty centesimi, for which the guest may occupy his room from 7 p. m. to 9 a. m. Instead of furnishing board for \$3 per week and meals for fifteen cents, as at the Mills hotels, dishes are served on the European plan. Meat dishes cost from twenty-five to forty centesimi, soup with vegetables and rice, fifteen; bouillon, five. A tub bath costs twenty centesimi, but a shower bath, inclusive of soap and towel, costs but ten. It is hoped later to make considerable reduction in these prices.

The promoter of this undertaking is Luigi Buffoli, himself a self-made man, who has for some time been engaged in carrying out the co-operative idea in Milan. He was the founder of the Unione Co-operativa of Milan, which now has branches in other large cities of Europe, and by means of which it is sought to eliminate middle men so far as practicable, and to bring producer and consumer directly together. It was in connection with this work that Buffoli's attention was attracted to the unhealthful physical and moral conditions which surround the cheap hotels of a large city. To furnish relief from these conditions is the problem which he has undertaken to solve. To make his plan permanently successful the enterprise must be self-supporting and yield a reasonable profit in order to insure the opening of similar houses in other localities. The money for launching the enterprise was raised by subscription, chiefly through the *albergo popolare*

society, which was organized for that purpose; but, as soon as its success is fairly established, it should not prove difficult to find capitalists willing to invest their money in property of this sort.

The house has thus far not been open to women, but it is so constructed that one of the five floors could be easily set apart for them. This, however, is not likely to occur so long as the patronage remains as large as at present. There are so many applications for accommodation that a large number of people have constantly to be turned away. It may well be expected, however, if the experiment continues successful, that other houses of a similar nature will be opened and that both sexes will be accommodated.

Settlement Fellowships.—The College Settlements Association has established two fellowships of \$400 each for the year 1902-3, and invites application therefor. One of these fellowships may, at the discretion of the committee, be changed into a scholarship of \$300.

The object of these fellowships is to open to a well-qualified person the opportunity afforded by settlement life for the investigation of social conditions. The object of the scholarship is to give training in philanthropic and civic work.

No requirements are made beyond residence in a settlement during the academic year and the pursuit of some clearly-defined line of work, scientific or practical, under the general guidance of the committee of the association and of the head-worker of the settlement selected. The choice of residence should depend on opportunities for the work to be undertaken, and need not be limited to the houses belonging to the association. The time may, with the approval of the committee, be divided between different settlements.

The basis of award will be solely promise of future usefulness. A college education is regarded as desirable, but not essential if some compensating form of intellectual discipline has been enjoyed. Applicants should preferably have had some experience, and very recent college graduates would be eligible only in exceptional cases. Qualifications being equal, a woman applicant will be preferable to a man.

The Committee on Fellowships, College Settlements Associations, consists of Mrs. Herbert Parsons, Barnard College; Miss E. G. Balch, Wellesley College, and Dr. Alvin S. Johnson, Columbia University.

The Prevention of Tuberculosis.—The New York Charity Organization Society has initiated a movement which may prove to be of more importance than any other in which the society has participated in recent years with the exception of that for tenement-house reform. This is the appointment of the Committee on the Prevention of Tuberculosis, consisting of fourteen representative physicians and fifteen others who are especially interested in the social aspect of the disease. In many respects the methods of work adopted by the new committee will be similar to those which were employed in the case of the Tenement-house Committee. Like the former committee, this one will be representative in character. For example, both the Hon. Ernst J. Lederle, commissioner of health, and Dr. Hermann M. Biggs, medical officer of the health department, the Hon. Homer Folks, commissioner of public charities, and the commissioner of the tenement-house department

are members of the committee. Co-operation will be sought not only with charitable agencies of all kinds, but with city departments and state officials. Attention will be devoted to educational propaganda, and the support of the public press will be especially welcome.

The services of a competent secretary, who will devote his entire time to the committee, will be secured, and at the same time, in so far as it will be of advantage, the entire volunteer body of workers and the expert agents and visitors of the society will contribute to the objects which it is desired to accomplish.

The first task will be an exhaustive investigation of some of the social aspects of tuberculosis. There are already in progress in many laboratories investigations of a bacteriological character; and in many hospitals and sanatoria there is opportunity for clinical study and investigation into the physical aspects of the disease. Little attempt, however, has been made to establish the relation, for example, between infected living apartments and the victims of the disease; or into the possibility of recovery or improvement resulting from improved diet and improved light and air, when patients are treated in their own homes; nor has there been any systematic effort to ascertain how far infection can be prevented by instruction in the nature of the disease and in the character of the precautions which should be taken to prevent its spread. In Pennsylvania and in one or two other states, as well as in Canada and several foreign countries there have been organized societies for the prevention of tuberculosis, their chief functions being the dissemination of leaflets and of information in other forms concerning the communicability of the disease, and the necessity of conscientious care on the part of consumptives, especially as to the danger of spitting in hallways, public conveyances or on the street. Educational work of this kind is of the utmost importance, and the committee will undertake to carry on such work on a large scale at the same time that its investigations are in progress.

In co-operation with relief agencies, it is hoped that much additional information may be obtained concerning the desirability of making an entire change in the physical environment of those who are suffering from the disease, even when this involves considerable financial outlay. The financial burden imposed by the existence of 20,000 consumptives in New York city alone is enormous, and, on the financial side alone, therefore, it may be found a good investment to cure tuberculosis in its incipient stages, rather than to allow almost the entire number, as at present, to become a burden either upon their immediate family or upon the public in the last stages of the disease.

The committee wishes especially to emphasize the fact that this movement is not in any sense one against consumptives, nor one that will be permitted in any way to increase the already great hardships of their lot. In some quarters there is a tendency to exaggerate the danger of casual contact with tuberculous patients. It is believed that there is no occasion for any panic or public apprehension from the existence in a community of consumptive patients, provided a reasonable degree of prudence is exercised. Complete isolation of all consumptives would be an utterly impracticable proposi-

tion. Undue restraint upon the liberty of patients in moving from one place to another or any such general dread of the disease as will make it more difficult for those who have had tuberculosis but have been cured, or for those who are improving and are conscientious in caring for their own sputum, thus preventing the infection of others, to find employment, is to be deprecated. A systematic attempt to spread accurate information concerning what is definitely known about the disease will be of benefit to individual consumptives, and will eventually, it is hoped, contribute to the lessening of the present high death rate from the disease.

The present committee is not the first attempt that has been made to perfect an organization of this kind, although the earlier attempts in the same direction are to be merged into it. Last winter, largely upon the initiative of Dr. S. A. Knopf, a call was circulated for a meeting to form a society for the purpose of fighting tuberculosis. Many of those who have now become members of the new committee signed this call. Owing to the difficulty of finding a layman with the proper qualifications for the position of president of the society, the formation of the society was not consummated, but the physicians who have been interested in the matter have cordially indorsed the present plan, by which the business and clerical work of the committee will be attended to in the offices of the Charity Organization Society, while the scientific and professional guidance required will be supplied by those who are competent to give it.

Aside from the investigation above described into the social aspects of tuberculosis, the objects of the committee have been formulated in part as follows:

I. The promulgation of the doctrine that tuberculosis is a communicable, preventable, and curable disease.

II. The dissemination of knowledge concerning the means and methods to be adopted for the prevention of tuberculosis.

III. The advancement of movements to provide special hospital, sanatorium, and dispensary facilities for consumptive adults and scrofulous and tuberculous children among the poor.

IV. The initiation and encouragement of measures which tend to prevent the development of scrofulous and other forms of tuberculous diseases.

State Sanatoria.—The legislature of the state of New Jersey, at its last session, appropriated \$50,000 to begin the erection of a state sanatorium for tuberculosis patients. A commission has been organized, with Dr. James S. Green, of Elizabeth, N. J., as secretary.

The legislature of Ohio also took steps in this direction by providing for the appointment by the governor of a commission of seven to report, by May, 1903, upon the feasibility and advisability of establishing sanatoria in that state. The Ohio Society for the Prevention of Tuberculosis has been established, and the State Board of Health publishes a monthly sanitary bulletin dealing with sanitary questions, including tuberculosis.

The Detroit Conference.—The Twenty-ninth National Conference of Charities and Correction was held in Detroit, May 28 to June 3, with an attendance of about one thousand delegates. *Charities* of July 5 contains a

concise report of each section, with an analysis of the drift of prevailing discussion.

The same magazine contains also a brief report, by Dr. Charles S. Bernheimer, of the Conference of Jewish Charities, which was held in Detroit immediately before the National Conference.

The Atlanta Conference.—The next session of the National Conference of Charities and Correction will be held in Atlanta, Ga., in the spring of 1903. As the work of the conference is of such general interest, a list of officers and chairmen of the committees is appended:

President, Robert W. de Forest, New York. Vice-presidents, Mrs. Stephen Baldwin, Detroit; S. W. Woodward, Washington, D. C.; J. J. Kelso, Toronto, Canada; Michel Heymann, New Orleans; Frederico Degetau, San Juan, Porto Rico. General secretary, Joseph P. Byers, Columbus, O. Assistant secretaries, W. H. McClain, St. Louis; Mrs. S. Izetta George, Denver, Col.; W. Frank Persons, New York; W. S. Eagle-on, Columbus, O.; A. W. Abbott, Orange, N. J. Treasurer, Alfred O. Crozier, Grand Rapids, Mich. Official reporter and editor, Mrs. Isabel C. Barrows, New York. Executive committee, Amos W. Butler, Indianapolis; the Rev. S. G. Smith, St. Paul; James Allison, Cincinnati; Miss Julia C. Lathrop, Rockford; Nathan Bijur, New York; Jeffrey R. Brackett, Baltimore; Mrs. E. E. Williamson, Elizabeth, N. J.

Standing committees: Reports from states, chairman, Joseph P. Byers, State supervision and administration of charities and correction, chairman, Professor F. W. Blackmar, Lawrence, Kas. Needy families in their homes, including legal aid, chairman, Edmond J. Butler, New York. Juvenile delinquents, including children's courts and the probation system, chairman, T. E. Chapin, Westboro, Mass. Destitute children, truancy, child labor, and recreation, chairman, Hugh F. Fox, Bayonne, N. J. Colonies for, and segregation of, defectives, chairman, Dr. W. E. Fernald, Waverly, Mass. Treatment of criminals, including probation, parole and pardons, chairman, Samuel J. Barrows, New York. County and municipal institutions, outdoor relief and vagrancy, chairman, C. L. Stonaker, Denver, Col. The insane, including psychopathic hospitals, boarding-out and after-care, chairman, the Rev. S. G. Smith, St. Paul. Disease and dependence, housing and sanitary inspection, chairman, Mrs. Alice N. Lincoln, Boston.

Federation of Charities in Baltimore.—There has recently been brought about a close federation between the Charity Organization Society of the city of Baltimore and the Association for the Improvement of the Condition of the Poor. Dr. Jeffrey R. Brackett, chairman of the Executive Committee of the Charity Organization Society, describes the plan in the July magazine number of *Charities*, tracing the history of the relations in the past between these two important societies. Under the plan adopted, the annual meeting of each society for the election of officers is held separately, but the boards of management hold joint meetings; joint executive and finance committees are to be formed, and the two organizations will elect the same person as general secretary and probably the same person as president.

The chief feature of the plan is the general direction of all agents of

the two societies by one leader, whose aim it will be to have all do the best constructive work possible by following methods which experience has proved helpful in dealing with needy persons, methods which probably belong to no one society.

Boston, New York and Chicago, and some smaller cities in which there are now existing two societies corresponding to those above named, will watch with great interest the working of this new form of closer union, and its success will doubtless be of distinct influence in such cities, as well as in others, where a single society of either type still occupies the entire field.

Summer School in Philanthropic Work.—Thirty-nine students, representing fifteen states in the Union and eighteen colleges and universities, attended the Summer School in Philanthropic Work, conducted by the Charity Organization Society of New York City, this summer. The school opened its session on Monday, June 16, and continued for six weeks from that date. Among the lecturers were the following:

"Preparation for Social Service." Rev. S. M. Crothers, Cambridge, Mass.

"The Need for Trained Workers." Mr. Homer Folks, Commissioner of Public Charities, New York City.

"The Right View of the First Request for Aid." Mr. C. C. Carstens, assistant secretary of the Society for Organizing Charity, Philadelphia.

"The Uses and Scope of Investigation." Dr. Jeffrey R. Brackett, president of the Department of Charities and Correction, Baltimore.

"The Standard of Living and Distribution of the Family Income." Mr. Philip W. Ayres.

"The Uses and Limitations of Material Relief." Dr. Lee K. Frankel, manager of the United Hebrew Charities, New York.

"The Problems of Public Outdoor Relief." Mr. Frederic Almy, general secretary of the Charity Organization Society, Buffalo.

"The Treatment of Families in which there is Sickness." Mr. Edward T. Devine, general secretary of the Charity Organization Society, New York.

"Employment and Industrial Training." Mr. Charles F. Weller, general secretary of the Associated Charities, Washington, D. C.

"The Development of Right Habits of Life in the Family." Dr. David Blaustein, superintendent of the Educational Alliance, New York.

"How to Win and How to Train Volunteer Visitors." Miss Mary E. Richmond, general secretary of the Society for Organizing Charity, Philadelphia.

"The Co-operation of Charitable Societies: a. In Dealing with Families; b. In Civic and Legislative Matters. The Co-operation of Churches with Each Other in Charitable Work." Miss Mary L. Birtwell, general secretary of the Associated Charities of Cambridge, Mass.

"The Scope and Purpose of a Charity Organization Society." Mr. Robert W. de Forest, president of the Charity Organization Society, New York.

"The Financial Management and Accounts of Charitable Agencies and Institutions." Mr. Robert W. Hebbard, secretary of the New York State Board of Charities, Albany.

"Institutional and Placing-out Methods in Caring for Children." Mr. Homer Folks, Commissioner of Public Charities, New York City.

"The Institutional Care of Children." Rev. Thomas L. Kinkad, Peekskill, N. Y.

"Special Training for Backward and Defective Children." Rev. Anna Garlin Spencer, Providence, R. I.

"Children's Courts and Probation Systems." Hon. Joseph M. Deuel, president of the Board of City Magistrates, New York.

"Differentiation of Agencies for the Care of Dependents." Miss Mary Vida Clark, secretary of the State Charities Aid Association, New York.

"Defectives and Their Care." Mr. Alexander Johnson, superintendent of the Indiana School for Feeble-minded Youth, Fort Wayne, Ind.

"The Success of the Settlement as a Means of Improving a Neighborhood." Mr. Robert A. Woods, head-worker of South End House, Boston.

"Municipal Action Involving the Welfare of Neighborhoods—Vacation Schools, Playgrounds, Baths, Recreation Piers." Mr. Joseph Lee, Boston, Mass.

The terms of admission to this school, which has now held five annual sessions, are, that the applicant must either be a graduate of some college or university, or have had at least one year's work in the field of philanthropic work. Many of the college graduates had also had experience in some form of social work. At the close of each lecture discussions on the subject were held, in which experienced workers in that particular field took part. Many of these workers had been invited from a distance to be present for this purpose. Each lecturer also allowed opportunity for questions on the part of the class, and this was almost always made much of. In connection with each lecture a bibliography on the subject was prepared by some student, to whom it had been assigned, and copies of this list of references were distributed at the end of the morning's exercises.

Besides this library and lecture work, provision was also made for practical work on the part of the class. Each member was assigned to one or more of the district offices of the Charity Organization Society, and besides the value of personal touch with the worker in the field, there was also given to each student a list of twenty-five records, which were studied and analyzed, in order to determine the chief and subsidiary causes of distress and what remedies could be suggested. Some of the class also did considerable visiting work. A written report was required from each member of the school on some subject assigned at the beginning of the school's work. Many of these papers required considerable research, some were illustrated by charts and maps, and some are to be continued by investigations after the close of the school. Arrangements had also been made for trips by the school in a body, or in small groups, to many of the charitable and penal institutions of Greater New York. Several of the settlements, children's institutions, work- and alm-houses, summer charities, vacation schools, and also the quarantine station, were visited. Questions were asked, notes taken, and reports made at the following session of the school.

The number in attendance this year is slightly in advance of former

years, although numbers would hardly be a criterion of success. Each year many who have applied have not been admitted, so that if the school desired to increase the number of students it could very easily do so. Practically all the members of the school who have so desired have obtained positions in the field of social work. At the close of the session this year an Association of the School of Philanthropy was formed to include those who have attended or lectured at any session of the school.

III. NOTES ON COLONIES AND COLONIAL GOVERNMENT

The Philippines.—Interest in the American dependencies has for some time been centred on the Philippines. The most important of recent occurrences affecting the archipelago have been the passage of the Philippine Government Act by Congress, the President's Amnesty Proclamation of July 4, and the efforts made at Rome by Governor Taft to secure an early settlement of the land question. Organized military resistance to the authority of the United States having ceased, except in the Moro country, all necessity for stringent application of the penalties incident to a military régime has also passed. The amnesty granted by President Roosevelt upon the anniversary of the nation's independence extends to all those persons in the islands who have participated in the insurrection, who have given aid and comfort to persons so participating, for the offenses of treason or sedition, and for all political offenses committed in the course of the insurrection, but does not apply to those who have committed crimes since May 1, 1902, in sections where civil government has been established, nor to persons heretofore convicted of murder, rape, arson or robbery. In the latter cases application for clemency may, however, be expected upon application to the proper authority. Those seeking to avail themselves of the general amnesty are required to subscribe to the following oath of allegiance: "I, ———, solemnly swear (or affirm) that I recognize and accept the supreme authority of the United States of America in the Philippine Islands, and will maintain true faith and allegiance thereto; that I impose upon myself this obligation voluntarily without mental reservation or purpose of evasion. So help me God."

The amnesty does not apply to the districts inhabited by the Moros. These Mohammedan tribes have steadfastly resisted for centuries all efforts to assimilate them, and, with the change to American sovereignty, their attitude has remained the same toward the new rulers as it was toward the Spanish.

The recent hostilities between Moros and Americans have been so barren in results, because of the difficulty of occupying the Moro territory, that the Philippine government will probably be unable for some time to exercise more than a nominal jurisdiction over these southern districts.

In the present issue of *THE ANNALS* the leading article, by Governor Taft, contains a discussion of the political parties in the Philippines; the new Philippine Government bill is also described by Professor Rowe. The new law is the result of a compromise between the moderate and radical views on Philippine self-government, as represented by the Senate and House respectively. One of the problems presented by the Philippine situation is how best to insure the proper education and representation of all classes. The cessation of hostilities, the amnesty proclamation and the general establishment of civil government remove some of the greatest obstacles to progress along the lines named, but the fundamental difficulty is the lack of good roads and schools. Upon these means of civilization depends the political upbuilding of

the people. An attitude of sullen non-participation or one of violent partisanship may perhaps be expected from a considerable portion of the older generation for years to come, but Americanizing influences can well be brought to bear upon the younger elements of the people by means of the school system.

In a total population of 8,000,000 there are, it may be estimated, considerably over 2,000,000 of school age; for these there are somewhat over 5,000 public-school teachers. Such is the obstacle to the political development of the islands.

Widespread attention is being attracted to the land question because of its religious bearings. Attention has already been called in these Notes to the delicate and complicated nature of the matter; it is not surprising that some feeling has been aroused on different sides by the efforts of the American government to solve the problem. Any settlement whatever would probably have given rise to a misunderstanding as to the motives of the administration on the part of those who are unfamiliar with the facts. On his return to Manila from the United States, Governor Taft was instructed by the War Department to visit the Vatican and negotiate a settlement of the vexed land question. This question may be said to possess two different phases, an ecclesiastical and a social or political aspect. From the ecclesiastical point of view the friars of the orders involved are, it is claimed, not acceptable to the people at large, because the people consider them as identified wholly with the Spanish régime. That the friars have acted throughout in the interest of Spanish rather than of Philippine policy can hardly be doubted. But with the ecclesiastical authority of the friars the United States can have no concern. The government could not further or prevent the resumption of this authority. It is in the question as to the ownership of large sections of land throughout the archipelago and especially in the province of Cavite, however, that the American officials have been compelled to adopt a definite policy. The Augustinian, Recolletan, Franciscan and other orders are unable to regain possession of the lands which they claim, the lands in question being occupied by persons who refuse either to vacate or to pay rent. In this situation the Philippine government has decided that a forcible restoration of the friars to the lands which they claim would renew nearly all the grievances which brought on the rebellion against Spanish authority. The problem is much complicated by numerous important disputes over the title to many of the lands, and particularly by the uncertainty as to whether the state or the orders named actually owned certain important parcels of land devoted to public uses. The first and natural policy of the American government was to offer a compromise which might appeal to all parties, viz., the government would buy the lands from the friars and allow the present occupants to retain possession upon payment of a nominal rent with the privilege of purchase. By this compromise, in return for the payment of a large sum, the government would gain nothing beyond the satisfaction of the people now occupying the lands and the retirement of those friars who were intensely pro-Spanish in their sympathies. In order to secure this latter point Governor Taft was instructed to arrange, through the Vatican, for the substitution of friars of

other nationalities, especially Americans, for the Spanish. This would involve no change in the orders themselves, but only a substitution of pro-American for anti-American members of the same orders. Probably no American was better fitted to bring about a settlement of these questions than Governor Taft; his instructions, while giving him ample liberty as to matters of detail, were yet clear and definite. Nine fundamental propositions lay at the basis of the American case, and these were duly presented and received. In reply, the Papal Secretary of State, Cardinal Rampolla, during the progress of the negotiations, sent to the governor two important communications which practically summarize the position taken by the Vatican. The intention is announced to substitute friars of other nationalities as much as possible, to restrict them to the exercise of the spiritual ministry, and discountenance attempts to control civil authority. The generals of the orders concerned, however, felt it inadvisable to make a formal agreement to recall the Spanish members of their orders. In regard to the land question, the Vatican preferred to make no immediate engagement to sell the lands claimed by the orders, but suggested that an Apostolic Delegate might be sent to Manila empowered to negotiate for the assessment of land values and ultimately for a sale.

In short, the Vatican, while apparently willing to negotiate, refused to enter at once into a definite agreement on any of the questions whose settlement was so earnestly desired by the United States. In explanation of this attitude, it must be recalled that each of the orders involved in the settlement is presided over by a general, resident at Rome. These officials naturally command a far-reaching influence throughout the Roman Catholic Church. Their wishes in the matter must, therefore, appeal to the College of Cardinals more strongly than what probably seems the mere importunity of the American government.

When the Papal reply was communicated to the American authorities, the proposals of the latter underwent a modification which is not without significance. On July 14 Secretary Root sent to Governor Taft new instructions which were presented *in toto* to the Vatican. In consideration of the unwillingness of the ecclesiastical officials to agree to an immediate settlement the American government also withdraws its offer to buy first and fix the price afterward by arbitration, as originally proposed. The Philippine government at Manila is to be charged with the duty of fixing a price in accordance with the "practical benefits to be derived from the purchase in view of all the facts then existing." One of these facts to which the Secretary hastens to call attention is that, "contrary to our former supposition, the real and substantial title to the lands in a great measure has passed out of the religious orders and is vested in corporations which they cannot entirely control, and which hold the lands for the purpose of lawful gain, and are alone competent to sell them." From this it may be inferred that the War Department, being disappointed in its hope of an early settlement, will expect to pay only for value received. In his letter of July 14 Secretary Root also asked that the Philippine government be furnished by the ecclesiastical authorities with specifications (*a*) of the property which the orders are willing to sell

and of their precise relations to the title of such property; (b) of the churches, convents, etc., which it is claimed have been occupied by American troops, and for which rentals or damages have been claimed, with the details of the claim; (c) of the church properties, formal title to which remained in the Spanish crown at the time of cession, and formal conveyance of which from the government is desired; (d) a statement of the various charitable and educational trusts which the authorities of the church consider should be regarded as devolved upon the church rather than upon the state. To this request Cardinal Rampolla replied on July 18, promising that the Apostolic Delegate to be sent to Manila should be furnished with definite instructions, and that he should enter into negotiations with the Philippine government upon the four points named in Secretary Root's cablegram. Governor Taft, after a farewell audience on Monday, July 21, then left for Manila. Curiously enough opposite impressions of the results of the negotiations have prevailed on different sides of the Atlantic. Among some of the foreign residents in Rome there appears to have been a feeling that the Vatican lost a valuable opportunity, while in America a strong sense of disappointment has been evident, not unmixed with the notion that the American case had been, temporarily at least, defeated, or, as certain newspaper reports expressed it, the Vatican had triumphed. If the straightforward language of Secretary Root's instructions is clearly understood, the initiative must now come from Rome. The friars concerned cannot return to their lands, nor can they resume their spiritual authority; the Philippine government no longer offers a general purchase of all the lands, but will insist upon a careful examination of titles, and will offer such compensation as appears proportionate to the commercial value of the lands and to such persons as have undoubted title. Finally, the Philippine Government Act, approved July 1, authorizes the government of the islands "to acquire, receive, hold, maintain, and convey title to real and personal property . . . and acquire real estate for public uses by the exercise of the right of eminent domain." By the provisions of Section 64 of the law this power is especially extended to include lands held by religious associations "in such manner as, in the opinion of the Commission, to affect the peace and welfare of the people of the Philippine Islands." For this purpose the government may sell interest-bearing bonds. Governor Taft and his colleagues are now furnished with ample power to cope with the question in all its phases; for obvious reasons an amicable settlement is preferable, but should this be impossible, the usual procedure in eminent domain may be followed.

Germany.—*Special Colonial Civil Service, Forced Labor.* The German colonial council, an advisory body called together by the Government from time to time to discuss colonial matters, is at present considering a question of considerable interest to Americans. The proposition has been made to develop a class of officials with special training for the management of colonial affairs, a system already adopted by England, Holland and France. The recommendations which, it is proposed, should apply at first only to German East Africa, are in substance as follows:

Qualifications. The candidate must have graduated from a "gymnasium"

or high school, must have some knowledge of English, have served his time in the army, be under twenty-three years of age and be physically qualified to live in the tropics.

Special Training. The young man qualified as above is then to be placed for at least a year in the colonial bureau of the Imperial Foreign Office during which time he is to continue his study of English and also to take up the native dialect [Suaheli] in the Seminar for Oriental Languages in Berlin. Next follows a service of about two years and eight months in the colony itself, in which a further study of native languages, administration, local conditions and tropical hygiene is made. The candidate is also to be employed in all the more important divisions of the local colonial government. In the middle and at the close of this period thorough examinations are to be held, as a result of which the best equipped candidates are to be allowed a furlough for further studies in Berlin. After a space of from one and one-half to two years a third and final examination is to be held, following which the candidate is to be employed for two years again in East Africa. If the services performed during this time are satisfactory, the first appointment as "secretary" is to be made. The applicant for this course of training agrees to remain at least ten years in the colonial service; in case he fails to do so, for any reason except failing health, he is obliged to pay the costs of his training.

The system proposed seems, from an American standpoint, needlessly complex. The English plan of providing a preliminary examination for general education, including political science and economics, and devoting the rest of the special training to language work in London followed by special training in the colony itself, seems much simpler, and, judging by results, it is satisfactory.

Attention has already been called in a recent number of the ANNALS, to the Imperial Rescript providing for the gradual abolition of slavery in certain of Germany's African colonies. The subject of the colonial labor supply is one which deserves more attention than it has heretofore received at the hands of publicists interested in the welfare of colonies. The problem has assumed a particularly difficult phase in Africa where the natives have hitherto utterly failed to respond or co-operate with European efforts toward the development of the country. In a recent number of the *Kolonial-Zeitung*, Dr. Alfred Funke declares emphatically in favor of a system of forced labor. He argues that at the present time actual slavery exists among most of the African tribes in so far as the women are compelled to perform all the work, even the heaviest labor being left to them. Not only is this an odious form of slavery, which nations professing civilized ideals cannot permit, but it also results in the degradation of the natives and forms an effectual bar to the further progress of the African colonies. Without the labor of her own strong men it will be impossible for Africa to lift herself above the level of semi-barbarism. That the question is one of general significance Dr. Funke shows by a reference to Sir George Goldie's recent speech before the London Chamber of Commerce, in which that distinguished colonial statesman, expressed no hope of cultivating industrious habits among the Gold Coast negroes, but favored the introduction of coolie labor from India and Asia. Such a policy Dr. Funke

believes, should not be adopted except as a last resort, because of the social effects of coolie labor. Doubtless the introduction of Indian coolies would soon result in a general decadence of the negroes even beyond their present conditions. Forced labor of the natives is, therefore, regarded as the natural outcome of the present situation. In order, however, to prevent the gross cruelties which have accompanied the system in Belgian Africa it is proposed to levy a light tax payable in the products of the country, and in this way to offer a stimulus to industry.

It is interesting to observe the far-reaching changes which are being wrought in the political and civil notions of the white races by contact with the backward peoples in the homes of the latter. To one who reads the proposals of Dr. Funke it will not be difficult to understand how a number of Americans as well as Europeans have been led to exaggerate the extent to which our ideas have shifted and to fear a general abandonment of our cherished liberties.

Cuba.—*The Administration of the Government of Cuba by the United States.* The following review of the work of the American army in Cuba has been prepared by the Bureau of Insular Affairs of the War Department.

The Military Government of Cuba was established by the United States on July 18, 1898, and terminated on May 19, 1902. At the close of hostilities in Cuba, the military authorities found the island in a state of devastation and ruin, both as to its political organization and in its industrial condition. Without precedent to guide and in part without previous experience in state affairs, the officers of the United States army at once undertook to set up a form of government which would provide sufficient revenues for immediate needs, and which might be developed into a stable and lasting system. How well they succeeded may be best shown by a summary of the fiscal affairs during our stay in the island. From July 18 to December 31, 1898, revenues were collected amounting to five hundred and twenty thousand dollars, mainly from duties on imports and municipal taxation, and these revenues were used for defraying the extraordinary expenses occasioned by the condition of affairs.

On January 1, 1899, there were established in Cuba sixteen customs houses, one at the chief port, Havana, and others at the principal sub-ports of the island. These officers were fully equipped from the outset, and a uniform tariff was observed in the assessment of taxes and duties. The rates were generally about the same as those which obtained in the United States. The principal changes in the tariff have been the gradual reduction of duties on exports from time to time, until April 1, 1901, when these duties were entirely abolished. Post offices were opened throughout the island, and native postmasters were appointed. More than 300 post offices were established, at the greater number of which the officers were bonded, and in connection therewith a money-order system was inaugurated both for domestic and international business. A free delivery system was also established in all of the largest cities, as well as railway post lines, and in many instances, star routes in the interior and country districts, giving to even the remotest places the benefits of a regular mail service.

There was established a Department of Finance, presided over by a Gen-

eral Treasurer and six Provincial Treasurers, one for each province. Subsequently, these provinces were redistricted and formed into eleven so-called Fiscal Zones. These officers conducted the assessment and collection of conveyance, inheritance, commercial and industrial taxes, and administered internal affairs,—municipal schools, hospitals, public works, fostering industries and stocking farms and plantations. Thousands of brood horses and cattle were purchased and resold to the natives on easy terms, enabling them to resume work which would not otherwise have been possible.

The number of school houses provided nearly equals those in this country for a corresponding area. There was constructed a telegraph line connecting the principal cities throughout the island, and maintained by the United States Signal Corps. Public roads were opened throughout the island, which, together with the construction and repair of bridges, have been of invaluable benefit to the inhabitants. Among the most notable achievements in this connection may be mentioned the concrete turnpike running from Santiago to San Luis, a distance of about twenty-four miles. It gives access to a wonderfully fertile section of country, which before had as its only means of communication with the outside world indistinct mountain trails, impassable during the rainy season, or nearly half the year. As a sanitary measure the streets of many of the cities were paved, and extensive systems of sewerage constructed. The harbors of the island were greatly improved, an admirable system of buoys and beacons was established, government warehouses and docks were repaired and constructed and regulations, conforming to those in vogue in this country, governing the harbors of the island were established.

The total revenues from all sources, collected during the occupation were fifty-seven million two hundred thousand dollars, and the expenditures therefrom, fifty-five million three hundred and seventy thousand dollars, the remainder having been turned over to the Republic of Cuba at the time of the withdrawal of United States authority, May 19, 1902. All expenditures were made with a view of contributing to the greatest good of the people there, and throughout the entire period of American occupation the affairs were conducted solely in the interests of and for the benefit of Cuba.

More prominent among the items of revenue are the following:

Receipts from import duties:

Fiscal year 1899	\$6,473,668 28
Fiscal year 1900	14,592,683 04
Fiscal year 1901	14,187,131 41
Fiscal year 1902	12,614,963 97

Receipts from export duties:

Fiscal year 1899	406,408 10
Fiscal year 1900	719,801 43
Fiscal year 1901	988,928 39

Receipts from tonnage taxes:

Fiscal year 1899	227,691 41
Fiscal year 1900	343,007 51
Fiscal year 1901	352,251 37
Fiscal year 1902	336,491 21

Other customs receipts:

Fiscal year 1899	\$120,692 81
Fiscal year 1900	412,543 92
Fiscal year 1901	422,215 74
Fiscal year 1902	451,461 97

Receipts from sales of postage stamps, stamped paper, box rent, etc.:

Fiscal year 1899	148,602 70
Fiscal year 1900	237,731 84
Fiscal year 1901	354,806 27
Fiscal year 1902	324,226 74
Fees on money orders	48,221 91

Receipts from Internal Revenues:

Fiscal year 1899	347,431 89
Fiscal year 1900	884,783 29
Fiscal year 1901	658,585 92
Fiscal year 1902	688,581 67
Receipts from telegraph lines	238,788 14
Miscellaneous	610,417 47

Total revenues for entire period of

occupation	\$57,192,208 40
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The figures given herein for the fiscal year 1902 cover only the period from July 1, 1901, to May 19, 1902.

A feature of the expense account in Cuba was occasioned by the condition of the various municipalities, all of which showed large deficits in their annual budgets. In the fiscal year 1899 more than one million dollars was contributed to defray these deficits, and thereafter the schools, police and municipal hospitals and charities were maintained almost entirely at the expense of the insular government. This condition has been very largely overcome, and the majority of the municipalities are now self-sustaining. The insular revenues, however, were used to support the municipal schools and charities to a very large degree as well as in payment for the extensive sanitary work up to the close of the American administration.

The following is a summary of expenditures made from Cuban revenues:

State and government	\$2,763,164 58
Justice and public instruction	11,105,838 09
Finance	1,847,645 15
Rural guard and administration	5,247,685 68
Agriculture, industry and commerce	1,129,535 30
Barracks and quarters	2,524,682 25
Public buildings, works, ports and harbors...	5,955,390 67
Custom service	2,922,796 15
Postal service	1,625,809 53
Census	380,393 44
Charities and hospitals	4,128,057 50

Sanitation	\$9,703,457 23
Quarantine	694,624 81
Other municipal expenditures	4,456,099 10
Miscellaneous	886,190 96
<hr/>	
Total	\$55,371,370 44

The buildings selected for barracks and quarters for the army were used only temporarily by the troops, and when put in thorough repair and good sanitary condition were turned over to the municipalities as hospitals. Many of the most completely appointed hospitals in the island have been fitted out in this way. It follows that when consideration is given to the short time which the troops actually occupied these buildings the amount charged against appropriations for barracks and quarters is much greater than would have been necessary had not the selection of quarters been made a secondary consideration.

That the administration of the Department of Sanitation was judicious and thorough in its results, is apparent in the large decrease of the death rate in the island since modern sanitary measures have prevailed. The death rate prior to this time had been as high as 80 and 90 in the thousand, but decreased to less than 23 in one thousand; and during the season just passed, when yellow fever was formerly at its height, Havana was entirely free from this epidemic.¹

The Marine Quarantine conducted by the United States Marine Hospital Service has been effective in preventing the spread of contagious diseases; and this service has greatly aided the other officers in their efforts to establish healthful conditions.

The Gulf states of the Union have also profited by these measures.

In withdrawing from Cuba we left a treasury balance of \$635,000, and balances in the hands of collectors and disbursing officers aggregating \$1,200,000,—constituting an ample working capital for the inauguration of the new republic.

All branches of the government were organized and had been gradually put into the hands of native officers who had been associated in the respective departments with American administrators, whereby opportunity was given for a full understanding of our methods of government.

The former Assistant Auditor under the American administration became the Auditor for the new republic; the Assistant Treasurer became the Treasurer; the native administrators of Justice, Finance, Public Instruction and Public Works, continue to hold office under the Cuban government. A clear title to the public buildings, roads, wharves and school houses passed to the Cuban republic. There stands out prominently above all other considerations the fact that the United States put forth every effort for the betterment of Cuba and her people.

¹ See notes on Colonies in *ANNALS* for May, 1902

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RESPONSIBILITY OF THE NATIONAL BANK IN THE PRESENT CRISIS

The National Bank Act in some respects is the most important measure ever passed by any government on the subject of banking. If an Englishman were asked what has been the greatest banking law he would doubtless reply, "The Act of 1844." But this act was simply regulatory and in amendment of former acts, putting an existing institution—the Bank of England—on a more efficient footing. The National Bank Act created a new national system—a system under which the dominant banking institutions of the western continent have been organized, a system embracing over four thousand five hundred individual banks and employing a capital of about \$1,200,000,000.¹ This act, in other words, is one of such prominence in our legislation and in our thought about active business life that we lose sight of all others. We forget that there are in existence over forty state laws and state systems of banking under which quite as many banking houses at present exist. The national banks are a great centrally controlled, unified system of commercial credit, serving a nation in which commercial credit is more largely used than in any other quarter of the globe.

One of the things necessary to commerce is a genuine, honest money, a money that will pass anywhere within the range of commercial enterprise. Under the state banking systems that existed prior to the passage of the National Bank Act, commercial bank currency was at once complex and unstable, in many cases worthless. We had all kinds of money, good, bad and indifferent. To overcome some of the disadvantages arising out of this state of things Mr. John Thompson, founder of the Chase National Bank, published *The Bank Reporter*, a monthly periodical showing the discounts at which the various kinds of bank notes that did not circulate at par were quoted. These lists filled each month a book of about one hundred pages. A merchant or a business house having a wide clientele would have to keep this key or guide constantly at hand

¹Stock capital, \$701,990,554; surplus capital and undivided profits, \$482,377,443; total, \$1,184,367,997 (July 16, 1902).

as a basis for judgment in dealings with customers. A man from Ohio would go to New York and buy a bill of goods and offer a roll of Ohio bank bills in payment. The merchant would take out his *Bank Reporter* and find out whether the bank money offered was worth anything, if so, how much. Every bill offered was looked on in a skeptical sort of way, every note was viewed with suspicion. People were afraid of paper currency. The discounting of notes became a regularly established business.

Conditions Out of Which the National Bank Rose

In the midst of the currency irregularities arising from the multiplicity of systems upon which the country was thrown after the failure to recharter the second Bank of the United States came the Civil War. The Government failing to find a suitable bond market, issued greenbacks as a means of paying current expenses. In order to give these currency, they were made legal tender for the payment of debts. The result was to force all coin out of circulation and to reduce the reserves of banks—the commercial credit institutions—to a paper basis. Now, the unsteady and incongruous state bank systems were forced to build their credit superstructures on a paper foundation that rose and fell with the fortunes of the government. It was to correct the intolerable evils arising out of this state of the currency and at the same time to create a market for the long-time obligations (the bonds) of the Government that the National Bank Act was planned.

Essential Features of the National Bank Act

The essential features of the National Bank Act were drawn from the combined banking experience of over half a century before. They are as follows:

1. The passage of a general law under which all national banks must be incorporated, thus removing the obtaining of special business privilege from political influence and making the granting of charters a matter of administrative discretion. This method was first adopted in New York as the result of practices there which made the organization of banks and the granting of special charters a part of party spoils and involved the government in wholesale corruption. In 1820 this practice was corrected by constitutional amendment.

2. The creation of a central bureau or department of government under the direction of a comptroller, whose duty it was to look into the character of subscribers, compliance with the bank act with reference to the prepayment of capital, the good faith of incorporators, etc. This practice, originating in New England, was at first instituted by the banks themselves under the Suffolk system, for the protection of those conducting a legitimate business. It was directed against the evil practices of bank speculators and the organizers of institutions, the prime purpose of which was to impose on the public.

3. A system of central examination and control conducted under the supervision of the comptroller as a means of determining whether the law was being complied with, thereby avoiding fraud and deceit on the part of those who attempted to subvert it. This also grew out of New England experience, where from the early part of the century banking had been placed on a firm specie-paying basis. Massachusetts has the honor of instituting central examination as a means of preventing wildcat banking.

4. Uniformity of issues redeemable in government notes and secured by government bonds.

5. A double liability clause which imposes on each stockholder financial responsibility for the bank in double the amount of his stock. This may be said to have been an original contribution made by the national bank system and has since been adopted by most of the states in framing their laws.

6. A plan of clearing, or central redemption, of the notes of all of the banks in the system, thereby preventing inflation.

7. The reserve requirement. By this all institutions in the system are compelled to keep a lawful money reserve for the redemption of outstanding demand credit accounts or "deposits." This feature was appropriated from the Louisiana banking law. There had been several failures in the state following the panic of 1857. Efforts to prevent a repetition of banking "on wind" led to the requirement of a 25 per cent cash reserve. Following the example of Louisiana, Ohio introduced the reserve system but made a new contribution in the way of dividing the banks into two classes, which correspond to what are now known as "country banks" and "city reserve banks."

Defects of the System

In general the national bank has been eminently successful. It has given uniformity and stability to our banking currency and supplanted the unsatisfactory state bank issues. It has given to the public a sound and conservative basis for commercial credit and reclaimed business from the chaos surrounding it prior to its establishment. In only two features has it shown weakness, (1) in its provision for issue, which at the time of framing was primarily based on the necessity for supporting the bond market, and (2) in the working of its reserve system in time of great financial pressure. It is these two features that have a special bearing on the impending crisis in Wall street, which, if averted, will only leave the system subject to a recurrence of the evil under similar conditions. Were these remedied, ours would be the most perfect banking system in the world.

The chief peculiarity of a deposit system of banking is that the larger portion of deposits received is loaned. This is the agreement implied or expressed when deposits are made and the bank expects to fulfil the contract. Usually the receipts do not vary greatly from the daily payments, consequently under ordinary circumstances the obligation is not difficult to fulfil, but there are times when a sudden and unexpected demand is made for a large quantity of deposits; then the difficulty in complying is keenly felt. No permanent increase in the currency, however large, can bring relief, for business will naturally adjust itself to the larger volume and after this adjustment has been made the difficulty of responding to extraordinary demands of depositors will be as great as before. Nor do the usual modes of enlargement operate with the required speed. Plans for the increase of issues have been proposed which are practical, and one of these plans ought to be adopted without delay. Until this is done a heavy cloud must necessarily hang over the banking system. Not until a safe way is adopted for responding quickly to all extraordinary as well as ordinary demands of depositors will banks ever feel easy in conducting their business. Let a bank be conducted with the utmost prudence, under present conditions, and an impending avalanche is always in sight.

The other defect in the national banking system we find in the working of the reserve: this is one to which attention will be chiefly

drawn at this time. In the early days of the law the one principal objection to it was the amount of reserve required. The objectors said they knew better than the government how much reserve they ought to keep, and that it was an impertinence on its part to fix the amount for them. The objection came in truth from that large class of bankers who believe in lending to low-water mark, who do not hesitate to take the largest risks—in short, are animated with the desire to gain the largest profits, and, for the sake of gaining these, are willing to incur every danger of loss. Conservative bankers regarded both features of the law with much favor, and insisted on their retention. By the law, as originally drawn, each bank was to keep its own reserve, thus having it at complete command. Several modifications were suggested; reduction of the amount was the most popular. Finally, it was proposed that the country banks, as they were called, should be permitted to keep a portion of their reserve with the banks in the larger cities—the compromise being taken from the banking law of Ohio. Thus modified, the reserve feature was made acceptable, and the system grew rapidly in favor.

By this plan Congress had provided for the organization of banks into three classes: the banks located in New York were designated as belonging to the *first* class, and were required to keep on hand a lawful money reserve of 25 per cent of their deposits. They were to be known as the “central reserve city banks.” Banks of the *second* class were also required to keep on hand 25 per cent of their deposits, but could confide the keeping of one-half of this amount to the banks in New York. The banks belonging to this class were called “reserve city banks;” they were located in sixteen of the leading cities: Albany, Baltimore, Boston, Cincinnati, Chicago, Cleveland, Detroit, Louisville, Milwaukee, New Orleans, Philadelphia, Pittsburg, Richmond, St. Louis, San Francisco and Washington. Banks of the *third* class included all others and were required to keep a reserve equal to 15 per cent of their deposits. Of this sum the law required them to keep only 6 per cent at home, the remaining 9 per cent could be deposited with a national bank in a reserve city. These are commonly called “country banks.” Since the enactment of the law ten cities have been put in the reserve list, and Chicago and St. Louis have been transformed into “central reserve cities” like New York.

All of the banks in the “reserve cities” keep their reserve, as

permitted by law, with one or more banks in a central reserve city; while the "country banks" keep their reserves in one or more banks in a "reserve" or "central reserve" city. If a country bank deposits this portion with a national bank in Philadelphia, for example, the deposits of the Philadelphia bank are increased to a similar amount. One-fourth of this, or 25 per cent, must be kept on hand by the Philadelphia bank, but one-half of this amount, or one-eighth of the whole, may be deposited with a bank in a central reserve city. It follows therefore that the national banks in the three central reserve cities may, and generally do, keep one-half of the reserve of the national banks of the reserve cities, also the reserves of all the country banks that are deposited directly with them, and one-eighth of the reserve of country banks sent by them to the banks in the reserve cities outside the pale of the three central ones. What is the advantage of such a system of reserves? Why would a bank desire to send away, in other words to loan, a large part of its reserves? The answer is very simple. To earn profit. At home it could be put away in a vault for an emergency; it is by some looked upon as dead money. If dead, it is exercising a potent function, for, besides possessing the power to come into instant and powerful life, it may at all times be considered as the foundation of all outstanding credit and its existence, though unseen, exercises a strong conservative influence in preserving a healthy money market.

How the Reserve is Diverted

What is done by the reserve keepers with the money sent to them? Do they put it away in their vaults until demanded by its owners? Far from this. Banks are not philanthropists, and do not profess to be. Pleased as some banks are to make a great show of deposits, not one of them would keep the reserve of another bank and be responsible for its loss, if it could not make some profitable use of the money thus confided to its keeping; in other words, could not lend it to advantage. But if it is lent, then it surely is not in the vaults of the bank. One cannot eat his cake and keep it too. Moreover, this reserve is not kept any longer than is necessary. The receiving bank has agreed to pay the sending bank something for the use of the money, it must therefore lose no time in lending it in order to earn the sum that must be paid, and also something beside

as a profit for itself. There is nothing legally or morally wrong in such action; the law implies that this is to be done; and the bankers, when yielding their submission to the law and organizing or re-organizing their institutions as national banks, expected to use this portion of their reserve in the manner above described. The fault lies in the law and not in the bank. But what becomes of the fundamental idea of a reserve when the money is not thus kept, but loaned out? It is a misuse of words to call this fund a reserve; it is a mockery; and every banker engaged in national banking knows it. The reserve thus sent away and loaned is not a reserve in any true sense of the term; the bank has simply a record of the existence of the money; a few lines and figures in a ledger. The money itself is flying on the wings of speculation, no one knows where.

To do this, we repeat, is legal, but the reserve is thereby destroyed. What, then, is the course of a receiving bank in lending the reserve of another bank committed to its care? As it has agreed to return the money on demand, in order to have the money at command it is usually loaned at call. A bank by lending it in this manner is supposed to have full control of its money. How delusive this supposition is we shall now proceed to show.

Why the Reserves May Not Be Had When Needed

These loans are made almost wholly to a single class of individuals, speculators either directly or through their agents or brokers. Security usually is given in the way of listed stocks, with a margin for shrinkage, and if the loans are not paid when they are called, the stocks can be sent to the exchange where they are listed, and sold. If a surplus is left from the sale, this belongs to the borrower; if there is a deficit, he is responsible therefor. This seems a very simple process of lending, but experience proves the process to be less simple occasionally for borrowers to fulfil their obligations, or for lenders to get back their money. In ordinary times if a bank in New York calls a loan and the borrower cannot conveniently pay, he negotiates a new loan on the same security with another bank and pays the money to the first lender. But if many loans are called by different banks the process is not so easy. A's loan by the Arctic National Bank is called and he, suspecting no difficulty in negotiating another, goes to another bank for that purpose. He

there learns that it cannot lend to him because it is also calling loans, and has therefore no funds to lend. He is greatly surprised, after applying to several of them, to learn that all are doing the same thing; and the unwelcome discovery is made that he cannot obtain a loan from any one of the entire number. But cannot he sell his security and get the money from this source? Of course he can—in theory. In fact, he cannot.

All the other borrowers whose loans have been called are in the same situation as A; all wish to negotiate loans, but not one of them can succeed any better. All are on the same plane; the man who has gilt-edged securities, as well as the man who has the most questionable ones. They cannot borrow for the reason that all the banks are calling loans; all want money. Why is it needed? Because the country banks have recalled their deposits. To this it is said that borrowers may sell their stock. But can they? The exchange is open, to be sure. But, in order to sell, there must be buyers. No one can buy when there are no funds available to pay for purchases. This is precisely the situation. The only course open is to borrow from outsiders. These, however, are depositors; and in making loans new demands are made on the banks for payment of deposits. This may again operate to reduce the reserves, which in turn forces them to "call." The market instantly collapses because so many wish to sell collaterals, and so few are in condition to buy. There are persons enough to know that, at the prices offered, stocks are very low, and will surely advance, but they cannot buy because they have no funds and cannot borrow, except at exorbitant rates. The banks, usually most willing and glad to lend, are suddenly prevented from lending because depositors are demanding their money. Loans, therefore, at such a time, are practically impossible.

This is one of the peculiarities of call loans which render them so unsatisfactory; when one or a few country banks demand their balances, usually the cause leading to such action by them is general, and all the rest make a similar demand, and at nearly the same time. This is the reason why call loans based on listed securities are often but little more than call loans in name. Again, if the stocks are thrown on the market and sold, several serious consequences may follow. As their value has greatly depreciated, or will inevitably decline if this be done; the bank which proposes to do this may not get enough from the sale to pay the loan. Furthermore, the sacrifice

of the securities in this manner may imperil the borrower, or bankrupt him, and thus in the end the bank will be a loser. Of course, it has a legal claim on the borrower for the unpaid balance of his loan; but this is a poor asset if, as a consequence of sacrificing his stock at a time when by reason of the peculiar condition of the market it has not brought half its real worth, he has been thrown into insolvency with perhaps little hope of ever recovering himself.

Legitimate Business Made to Suffer for the Follies of Speculation

What, then, can a bank do? It may, and generally does try to save the borrower at such times by not sacrificing his stock. But it must have money to pay the demands of the banks; from what sources, if any, can it be obtained? It cuts off its loans to others,—to those who are engaged in mercantile business, and as loans mature, the reservoir is filled and the funds thus obtained are sent to the banks in response to their demands. This is the modern mode of meeting the situation. The merchants and others who are the most worthy of assistance, who have done nothing to cause this trouble, are sacrificed to save the speculators. This is the exact truth and it is not pleasant to contemplate. A class of persons whom the banks are primarily organized to assist in the way of lending them the funds needful are sacrificed to save persons who are engaged in a business which the statutes and courts of almost every state condemn as unlawful.

This difficulty is accentuated by the bank practice of sending additional funds at the dull season of the year, when they cannot be employed at home, to New York because the New York banking institutions find a market for them. How? Only in one way—by lending them to speculators. This is known well enough by the sending banks, but the desire of profit is so great that, notwithstanding the use which they know will be made of their deposits and the difficulty perhaps they will have in getting them back without squeezing to some extent the most deserving classes of borrowers, they are sent. The responsibility, however, is very largely with the receiving bank, for it is its constituency that gets squeezed and its solvency that is first threatened. Both sending bank and receiving bank act on the very narrow, though very common, principle of

enriching themselves regardless of the consequences to others or to the country generally.

The Present New York Situation

Such a situation is confronting the New York banks to-day. The country banks are demanding their balances as they have a right to do, and they must be paid. The banks have been calling their loans, and borrowers are frantic because they cannot renew them from some other source. The banks, to save them, are cutting off, to some extent, their loans to regular borrowers, the merchants and the like, and are calling on the Government to give them a fresh supply of money. The Secretary of the Treasury has come to the rescue and has poured into their depleted coffers the public funds. To give some excuse for asking this assistance from the Government the banks and their call-loan borrowers, the brokers especially, are putting forth the preposterous claim that the Government is largely to blame for this congested condition of the money market in New York, by withdrawing money from the ordinary channels of circulation and hoarding it in the Sub-Treasuries. Others, who ought to know better, believing this, loudly demand the abolition of the Sub-Treasury system, declaring that it is antiquated and only a disturber of the ordinary and natural flow of the circulation; that it is a kind of gigantic fateful animal which sucks away the circulating medium, the life-blood of commerce, and then disgorges when it suits its own arbitrary purposes.

There is a class of bankers, reinforced by the speculative class, who believe in putting into banking institutions every dollar of the public funds, because, as it is said, they can be more efficiently and profitably used. This is true with reference to the income and profits of the bank so long as no demand is made on the Government, and no extraordinary demand is made on the bank; but it does not follow in the long run, that this is the wisest use to make of all the public money. Of course, a nation should make the wisest use of its money; but the wisest use of a considerable portion of the money medium, so many conservative bankers believe, consists in keeping it as a basis for credit. The conservative banker maintains that the largest profits are to be made by prudent lending and by always having on hand such a reserve as to insure the integrity of the

credit system. The adventurous banker would lend more freely, but takes greater risks. The entire question is concentrated in these two conceptions. Do the exigencies of banking or of business in general, call for keeping any considerable sum of money as a reserve; if so, where shall it be kept and what exigencies will justify its use? The conservative banker believes that a reserve is needful, and that if it is not kept, monetary disturbances and financial failures will come, resulting in heavier losses to the banks than the loss of interest on the disused or reserve portion of the fund.

The non-conservative banker is distressed in seeing any money around anywhere without having it out at interest and has undoubted faith that if every dollar were constantly employed in this way there would be no occasion for borrowing trouble concerning the future; that when the exigency comes a way will be found for encountering successfully the storm. So thought a New York bank president a few years ago and, acting on this belief, lent all of his reserves. As his bank was a state institution he was violating no law in thus conducting its business. When a storm broke in Wall Street—and the wisest cannot always foresee their approach—and the depositors in his bank made an unexpected demand for deposits, he applied to the clearing-house for relief. The clearing-house banks at once lent him ample funds and the danger of failure speedily passed away. Profiting nothing by this experience, after the storm was over, he went on in the old way, lending as freely as before. A year or two afterward there was another run on his bank and again he had the unblushing courage to apply to the clearing-house for relief. Probably he would not have done so had there been any other alternative than to close the bank doors and put out a notice, "Suspended." Again the clearing-house gave prompt and effective relief. But when the danger had passed, the clearing-house through a proper committee took another step. They notified the directors of the bank that, if they did not retire their president and elect another possessing different conceptions of banking, the next time a run occurred on their bank no assistance by the clearing-house would be given. This warning was effective and the president who did not believe in having any disused non-profit money around, in making an investment of a few dollars in an umbrella for a rainy day, was promptly retired.

It is true that this question is closely united with that of an

emergency currency. In other words, if a system were adopted of providing for an ample, safe and quick expansion of notes, there would indeed be less need of keeping a reserve. But under all circumstances a reserve is necessary. Bank notes are obligations of the same kind as open accounts. On demand they must be met. Not to keep a reserve is to attempt to build a house on the crater of an intermittent volcano, knowing that, at any time, it may burst with appalling effect. If the Government and the banks were shortsighted enough to put their entire resources into the stream of circulation, the speculator would indeed rejoice, for the invention of new scares to upset the market would be easier than before. In truth, this has been done more than once when the monetary supply was low, or could be made so by artifice. Draw out the last dollar from the reservoir and the speculator would incessantly proclaim the danger of a monetary drouth, and with this potent argument for breaking down prices would proceed with his accustomed cheerfulness to the task.

In truth, the present situation utterly overthrows the very assertion for which the non-believers in a reserve are contending. For why is the stock market in such a panicky condition? Simply because there is a lack of funds for the speculators to continue operations. And why does this lack exist? Because the New York banks are required by outside banks and other depositors to pay their deposits, and the monetary reserve held by them is running low. The only way in which this state of things would be improved is by having a reserve to respond to this demand. If the reserve system were broken up, if the Government abolished its present system of keeping its own, there would be no reserve anywhere, either to fulfil the proper demands of the country banks or of the Government itself; the catastrophe of 1837 would be repeated.

Attitude of the Government Towards the Reserve

It is true that the mode of administering the bank reserve by the Government is open to fair criticism. The object of a reserve is to use it in unusual emergencies; the official conception has been too often that it must not be used at all. For, as soon as a bank is seen to be below the line, it is carefully watched and, if the deficit is not soon made good, it is notified that this must be done at an early date.

This is effected by cutting off new loans and as the old ones are paid the reservoir is re-filled. This is the usual process. It is indeed the duty of the government to watch the reserve barometer, but it does not follow that a bank should always keep its reserve full. Mr. Knox, who for so many years filled efficiently the office of Comptroller, told the writer that he thought the Government on many occasions had executed the law too rigidly, had not permitted the banks to use their reserve with enough freedom, and that, if this had been done, there would have been less excitement and fear of monetary trouble. But now, under the rigid and unbending execution of the law, when a bank reaches its reserve, it has practically nothing left, and this is one of the reasons for so much fear. If the banks were permitted to dip more deeply into their reserve and keep it out for a longer period, always, of course, under the eye of the Comptroller, there would be less fear of financial distress; demands would be easily met and loans would be more freely made. A more liberal administration of the law in this regard would yield immediate relief. Furthermore, such a practice would be quite in harmony with the best foreign banking methods. The principal foreign banks, like the Banks of England, Berlin and the Austro-Hungarian, keep large reserves. They realize their responsibility, understand for what purpose a reserve should be kept. They therefore use their reserves more freely than the national banks, and with the desired results. But their margin is a much larger one on which to operate. The reserves are used on unusual occasions and as soon as these pass away it is accumulated. This course our banks should be permitted, in my opinion, to follow, and so long as they did not abuse the privilege and use their reserve for ordinary profit, the Comptroller should not interfere with their action.

So, too, the Government ought to be careful in not keeping out of circulation any unusual amount of money. The ordinary amount that is kept in the Sub-Treasuries does not affect in any way the usual course of business, because it is adjusted to the normal condition of things. But the locking up of any considerable excess, though this is done simply by receiving it as ordinary income and keeping it until needed to make regular payments, may disturb business by rendering the supply of money scarce. The financial head of the Government, though, has almost always realized the need of business in this regard and rarely has failed to turn more than the

excess into the channels of circulation. Consequently there is little room for criticism of his conduct in absorbing the revenues.

Disturbances Arising from Withdrawals of Individual Depositors

Beside the disturbance that may arise from the action of the Government in diverting currency temporarily from the great stream, and the action of the country banks in withdrawing their deposits from the reserve centers, especially from New York, and thus disturbing the ordinary speculative demands, the money market is also affected somewhat by a class of depositors who, at times when money commands a high rate of interest, withdraw their deposits in order to use them more profitably. Thus a thrifty depositor who can make no use of his deposit himself or who perchance is looking forward to an evil day, puts it in a New York bank and receives 2 or 3 per cent interest. After a few months perhaps the money market advances and commands 8 or 10 per cent. The depositor demands his money and the bank complies, though in doing so borrows perhaps at a rate which sweeps away all the profit from the use of the deposit, and in many cases far more; there is a heavy loss. Truly this is a pretty sharp business, on the part of a depositor; but if a bank is unlucky enough to be drawn into the net, it must pay for its folly. Unhappily, many banks are so eager for deposits they pay little regard to the ways of their owners, and consequently are sometimes caught in the manner above described. In truth, this type of depositor is more common than many imagine. A bank that is caught by one of them does not advertise the exploit. Corporations, too, are sometimes guilty of a similar practice. Learning that the rates of money have suddenly advanced they call for their balances and for a short period turn bankers. These unusual demands for money disturb still more the normal course of banking, coming as they do, at the same time as the other unusual demands already described. Yet all of them could be easily met by a bona fide reserve system and an effective method of expanding bank circulation.

In this connection may be mentioned the charge that some of the New York banks manipulate or force a rise in the money market in order to enhance their profits. Secretary Shaw has stamped this charge as baseless, and surely it would be difficult to discover any proof. Nevertheless those who know most about the ways of Wall

Street believe that, at times, some of the banks which have numerous dealings with speculators make them pay dearly for their loans because the banks command the situation and think it worth while to administer to them a lesson concerning the uncertainties and displeasures of speculation, since in so doing the banks are acquiring so much cold money profit for themselves. Indeed, if it were not for the expectation of a very considerable rise in the rates during a part of the year, banks in many cases would be unwilling to pay the rates they do on deposits during the dull seasons.

How to Remedy the Present Weakness in the Banking System

What, then, is the remedy? If we are right in the above exposition, the remedy is very simple. First, every national bank should keep its own reserve. It is, as we have said, a mere cavil for a bank to lend part of its reserve to another, which is loaned out by the receiver, every dollar, spread on the wide sea of circulation, and still call it reserve. This farce should be immediately ended. Every bank should keep its reserve in its own vaults, and if 25 per cent or 15 per cent is more than ought to be kept, the amount should be diminished. Perhaps if a country bank kept 10 or 12 per cent it would be sufficient; perhaps a bank in a reserve city would be justified in keeping not more than 15 per cent. Whatever the amount, every dollar should be kept at home, and then it would be a bona fide reserve.

Banks, other corporations and large business concerns keep accounts in New York for the purpose of drawing upon them, and this of course is in harmony with the most approved modes of doing business. A bank customer living in Oshkosh, Wis., desires a draft on a bank in New York. His bank can readily accommodate him and this is a real service. Banks ought not to be fettered in any way from keeping deposits elsewhere as a basis of such business. But the amount thus kept away from home should be no larger than is needful to conduct ordinary exchange operations. This fund often accumulates from collections. A bank in St. Louis has an arrangement with a bank in New York to collect all checks sent to it by the other, and settlements are made weekly or as often as they may agree. This is one of the ways in which banks come into the possession of money belonging to other banks. Of course, this business is proper

in every regard. What forms just ground for criticism is the sending or leaving money in the great speculative centers which both keeper and owner know will be used in speculative operations.

This should not be permitted for several reasons. *First*, the law under which the banks are organized did not contemplate or intend that such use would be made of bank funds. The earlier Comptrollers of the Currency condemned in their annual reports this practice strongly until they lost hope of stirring any bank by their admonitions. The law, they declared, was plain and that it was a direct violation both of its letter and spirit to use their funds in this manner. The *second* objection to using the reserve and other deposits sent by outside banks we have already described. The country is treated to an annual financial scare, of uncertain duration and intensity. For, let us remember, as soon as the balances thus accumulating in the great speculative centers can be better used elsewhere, they are drawn away and the central banks, knowing and expecting this will be done, use them largely in one way—lend them to speculators on call. It is true that the high rates to which money rises tend to correct in some degree the evil, for it tends to keep these balances in the speculative centers instead of recalling them. In time this increase is reflected and the rates of money are raised everywhere to the advantage, it may be, of the banks, but to the injury of the great business interests which have been as innocent of causing this condition of things as if the disturbance had taken place among the inhabitants of the moon. In other words, the banks, by accumulating their balances in New York banks especially and by putting their balances, through the agency of these, into the possession and control of speculators, create almost annually a monetary crisis of longer or shorter length and intensity. The banks are entirely responsible for it, and in many cases unwittingly or otherwise profit thereby. Ought they to be permitted to continue these costly occurrences to business unchecked?

There was a time when banks were forbidden to pay interest on deposits, because experience had proved, so legislatures thought, that, if it was paid, banks would be more anxious to make loans and would run larger risks in making them in order to earn the interest they had promised to pay. Indeed, this principle was regarded so essential to good banking that the restriction was put on the statute book of many states, and still remains unrepealed. If there be any

virtue in this law, can there be anything more contradictory than to permit a bank to pay interest on a reserve fund, knowing that, if this is done, the bank will surely lend the money in order to earn the interest it has agreed to pay? The permission to pay interest on a reserve to the sender implies that the receiver will lend it, otherwise he would not have the slightest wish to receive it or be willing to pay interest thereon. But some states, while still forbidding banks to pay interest on general deposits, permit them to pay on a reserve that may be received, thus clearly recognizing their expectation that the receiving bank will lend the reserve and dissipate it wholly by mingling it in the great volume of circulation. Apply the same rule to the banks which they have so often applied by law, or by their own volition, to their own customers—pay no interest to any bank for the use of its deposits. This would effect a speedy and radical cure. For, if a bank were forbidden to receive any interests on its deposits with another bank, it would keep no larger amount with it than its business required. The remainder would be called home for use or safe-keeping.

An objector may say, "You are undertaking too much; man is by nature a gambler, and, on the whole, gambling in stocks, lamentable as it may be, is the least harmful of any kind of gambling." This is doubtless true. But, we maintain, just as the Comptrollers have always maintained, and the courts and all thoughtful law-abiding individuals generally, that the banks, public institutions created by the Government and for the general good, ought not to be perverted to the uses of speculation. It is a known and deliberate violation of law; and it is sad indeed that a practice which has a strong legal condemnation should be so strongly aided and assisted by an agency of the Government itself. If individuals choose to speculate, that is their own affair; it is quite another thing for a governmental agency to aid them in doing what the law condemns. Again, it will be said, if banks cannot get any interest on the use of their deposits, none or only small amounts will be kept in the banks in the larger places, and customers will be obliged to pay more for their exchange, as the banks will have no fund on which they can draw; or at all events will charge for the accommodation. This matter will take care of itself. If it is for the interest of banks to charge their customers for exchange, they will do it; otherwise not; each transaction must stand for itself. If a customer keeps a good balance from

which the bank derives a handsome profit, it will be slow to charge him for a draft; if he is a stranger, or his account is not worth anything or but little, the bank will, and ought to charge him for his draft. There is nothing therefore in this objection. The business would adapt itself to the new conditions, were they to arise.

We will close with a brief summary. *First*, the monetary stringency which has occurred almost annually in the United States for many years, and is felt with greater intensity in New York than in any other place, is caused almost entirely by the action of the banks themselves.

Secondly, if the speculators alone suffered it would not be worth the effort of anyone to improve the situation.

Thirdly, the mercantile interests are the principal sufferers; some years they suffer greatly and it is not just that this class should suffer for the wrongdoing of others.

Fourthly, a partial remedy is to require the national banks to keep their reserves at home, where they will serve as a true reserve.

Fifthly, as a discouragement to country banks which persist in sending or keeping other resources in the larger cities in dull times, especially in New York, knowing they can or will be used chiefly for speculative purposes, they should be forbidden to receive any interest on them.

Sixthly, ancillary to the reserve required by law, an emergency currency should be provided, for the reason that if every bank kept its entire resources at home and loaned them with the utmost prudence, they would not be at instant command. No reserve, however large, is a complete safeguard against the action of depositors or would be complete unless it equaled the entire deposits, and this would be an absurdity. An emergency currency, therefore, which can be put into momentary use—and at the same time one that is safe, satisfying depositors and all subsequent receivers—is the only effective remedy for extraordinary money demands. Were this provided, the very knowledge of its existence would be enough to prevent many of the monetary disturbances which occur. At present our banking system is ruinously defective. Provide an emergency currency and correct the mode of keeping the reserve, and our banking system will be more efficient than any other in the world.

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IS THE UNITED STATES TREASURY RESPONSIBLE FOR THE PRESENT MONETARY DISTURBANCE?

During the depression (1893-1896) an empty Treasury was pointed to by leading financiers and public journals as the great gulf that stood between the American people and "sound currency." To-day, six years later, these same financiers and journalists are pointing to a Treasury "filled with gold" as the cause of the present financial disturbance and as the portender of national calamity. "Through the operation of law," says one prominent in financial circles, "the Sub-Treasury is piling up needless amounts of gold and withdrawing from the banks currency to the embarrassment of business everywhere." "The vast sums locked up and kept out of circulation!" This is the central thought in notes of warning. The Secretary of the Treasury sets forth his alarm in Government documents; directors of banks and managers of counting-houses give expression to fear by interview and public address; oracular utterances of men of affairs are reiterated in editorial comment, enjoining the people of the United States that new legislation is needed to *give circulation* to the millions "hoarded by the Government."

Among the remedies suggested are: (1) greater power on the part of the Secretary to receive listed stocks and bonds as security for Government deposits; (2) the abolition of the Sub-Treasury system; (3) the substitution of the entire money functions of the Treasury by a system of private banking. As representing the last view we have the plan proposed by President Hirsh of the State Bankers' Association of Pennsylvania in his annual address before the recent meeting held at Philadelphia. Ex-Comptroller Eckels joins with Mr. Hirsh in this general view and in addition would have the financial powers of the Government reduced to those providing revenues for its own expenses, the revenues when collected to be placed in the banks and disbursed through them.¹ All of the

¹ "All the Government financial operations, whether they be receipts or expenditures, should be carried on through the banks, on the same basis as the vast operations of the world of ordinary business. The Government needs neither a strong nor a working balance wholly disproportionate to its daily operations." Mr. Eckels would have the Sub-Treasury abolished. Secretary Shaw's recent action in construing his power to extend to the acceptance of listed securities as collateral for Government deposits is quite generally lauded by banks and financial houses.

remedies suggest that "the vast sums at present stored away in Washington" shall be placed at the disposal of private banks in order that they "may be used by the community in business enterprise." Before accepting these conclusions, common prudence would suggest that we inquire into the premises on which they are based. Before the public is asked to adopt these proposals as remedies for present evils, inquiry should be made as to the effect of removal of reserves of government on the money system now supported by them. In conclusion it should be known (1) what is the malady with which the financial world is afflicted and (2) if changes in the system are to be made, then what are the conditions necessary to success.

What is the Amount of the Government "Hoarded?"

The whole propaganda directed toward currency revision and the abolition of the monetary functions exercised by the Treasury is based on the data obtained from the published reports of the Secretary of the Treasury. A financial exhibit of available resources and demand liabilities is reproduced on page 21 following.

Without going into the question as to whether the entry "available cash balance \$209,491,500" is a result which may be safely used as a basis for argument; without considering whether or not "United States Notes," in the vaults of the Treasury may properly be stated as an asset of the Government; without inquiry into the practice of counting both the "certificates" of deposit, and the "gold" deposit against which certificates are issued, on the same side of the balance sheet; without questioning the valuation of "silver" as equal to the *face* of the coins on which the stamp of the Government is placed, making them an obligation to pay gold; without even taking exception to a statement of *available assets* and *demand liabilities* in which are omitted all of the demand liabilities arising out of the obligations of the Government to meet its promises to redeem credit moneys outstanding,—except those included in the statement of Trust Funds; in other words, for the time being not questioning the correctness of the statement of *free balance* in the Treasury, we first pass to a consideration of the amount of gold "hoarded" by the Government—the implied object of present attack.

[illegible]

²²See Monthly Summary, August, 1902, page 488.

According to the published report above set forth, the gold in the Treasury is as follows:

Trust funds for redemption of certificates	\$359,390,089
Reserve in the department of redemption	150,000,000
Gold in the general fund	61,912,543
Total	<hr/> \$571,302,632

The first item, \$359,390,089, is stated as a Trust Fund. This amount of gold coin is not the property of the Government. It is a special deposit and belongs to the holders of "certificates" issued. The Government has no rights with reference to the "coin," other than to hold it, as a custodian, subject to the demands of owners. From considerations of economy to the business world, and at the instance and request of the banks (to save them the cost of keeping and handling gold), the Government has seen fit to offer to holders of "coin" the privilege of depositing it in trust, and to allow the "certificates" to be used as a more convenient form of currency. Leaving out of account, therefore, the gold which the Government does not own and over which it has no control other than as keeper or bailee for the owner, the total amount of gold in the Treasury is reduced to the two items remaining.

Is the Gold in the Treasury Unused?

The conclusions which have been reached and which have been used for the purpose of further argument are: "that the gold which is amassed at Washington is *idle money*; that the accumulation of a surplus there has contracted the circulating medium; and that this has forced the banks to withdraw their support from legitimate enterprise." In the first place, let us consider whether or not the gold of the Government is "unused" or "idle funds." What is the work of the \$150,000,000 reserve? Directly it has to keep in circulation \$346,681,016³ of United States notes. These in turn support \$358,984,184⁴ of bank notes.⁵ There are outstanding \$447,445,542⁴ silver certificates and \$28,638,585 Treasury notes of 1890⁴, which are intermediately payable in gold. The silver obligations are primarily payable in silver, to be sure, but under the law of 1900, pledg-

³ Monthly Summary (August, 1902) p. 487.

⁴ *Ibid.*, p. 489.

⁵ The bank note is payable in legal tender, and legal tender is payable in gold.

ing the Government to the support of the gold standard, silver dollars are in turn promises of the Government to pay gold. The Government, therefore, has not only to support the outstanding silver certificates and Treasury notes of 1890 but it must also stand ready to redeem outstanding silver coins amounting to \$158,399,962.* For like reason all the outstanding fractional currency, \$6,873,323, and minor coins, about \$33,000,000^b are a charge on the gold reserve. Assuming that the legal reserve stands sponsor for these demand obligations arising out of the currency, a representation of the "use" of the \$150,000,000 of gold would be as follows:

Currency Demand Liabilities Outstanding Against Gold Reserve

RESERVE IN REDEMPTION DEPT.	OUTSTANDING LIABILITIES.
	U. S. notes..... \$346,681,016
	National bank notes .. 358,984,184
	Silver certificates..... 447,445,542
	Treasury notes (1890) 28,635,585
	Silver coins outstand- ing redeemable in gold..... 155,128,925
Gold coin: \$150,000,000	Fractional currency .. 6,873,323
	Minor coins redeem- able in gold, about.. 33,000,000
	Total \$1,375,748,575

From the above it appears that the \$150,000,000 in the Treasury maintains in circulation at a par with gold about \$1,375,748,575 of credit currency which takes its place in the business world and is sought for in preference to gold itself.

The \$61,912,543 of gold in the "General Fund" alone remains to be considered. To this may be added the \$52,745,150 in the Trust Fund represented by the "gold certificates" in the General Fund. Has this any work to do? During the year the Government incurs demand liabilities for current expenses amounting to about \$500,000,000. This must be met, and those holding claims against the Government have a right to demand gold. In the first place, there-

* Report of Director of Mint, 1901.

fore, the \$114,657,693 which may properly be considered as "gold" in the general fund is held as a 10 per cent reserve against current expenses of government. When exigencies arise, when current expenses are increased or revenues decline, when for any reason the gold income of the Government falls off or demands are enlarged, the gold supply begins to disappear. The disappearance of gold from the general fund is always a cause for anxiety; when it begins to approach exhaustion, an impairment of the \$150,000,000 reserve is threatened; as a result, public confidence in the whole currency system begins to waver and the credit base, both public and private, is brought into peril. The dire results of the disappearance of the margin and of failure to protect the reserve, is still held too vividly in mind, the dark days of 1893 still form too sombre a background for us to lose sight of the picture. The gold in the *General Fund*, therefore, not only serves as a guaranty of obligations arising out of current expenses but it stands as a buffer or outer wall to the currency reserve—a second support to the immense superstructure of credit which it is the duty of the Treasury to protect, and which serves us with \$1,375,748,575 of credit money "as good as gold" with the actual use of only \$264,657,693 worth of the yellow metal. Leaving out of account the legal limit and considering as a reserve for the support of outstanding credit currency, all of the gold in the Treasury that is owned by the Government, it is found that a reserve of only about 18 per cent is held against the currency demand obligations that may be brought to bear on the Treasury.

The *work* of the gold in the Treasury, however, has not yet been accounted for. These various forms of money are allowed to be held and to be counted as reserve for the payment of deposits in the national banks; they are also, in fact, held as reserves for like purpose by all financial companies receiving deposits. The total deposits of such institutions in 1901 were as follows:

*Deposits of Commercial Credit Institutions in the United States*⁷

National bank deposits	\$3,035,662,506
State bank deposits	1,610,502,246
Loan and trust company deposits	1,271,081,174
Private bank deposits	118,621,903
Savings bank deposits	2,517,599,536
Total deposits	<hr/> \$8,553,467,365

⁷ See Report of Comptroller of the Currency, 1901.

The credit obligations or "loans" held by these institutions are even larger. \$8,553,467,365 of the current commercial credit obligations of financial companies, any portion of which might be brought to bear on the Treasury of the United States, must be added to the direct burdens of the currency. Making a deduction of the credit money held by the banks themselves as reserves, the amount of current funds for which the gold in the Treasury is responsible will be something like \$9,500,000,000. In other words the actual gold in the Treasury is only about 2.8 per cent of the current gold-bearing obligations extant. Its work is not yet accounted for; this is only the support given to different forms of current funds—current media of exchange. Besides this we must take into account the immense demand and time credits dependent on current funds for means of payment. The banks alone hold about \$10,000,000,000 of credit obligations. All told it is thought that there are outstanding not less than \$40,000,000,000 of credit that must be met by the media supported by the Government. To say that the gold in the Treasury is not used; to complain that too much gold is there locked up, is like constructing a church, using the steeple for a base, and then complaining because so much material had been wasted in the foundation. The only protection that the Treasury has in time of extraordinary gold demand is found in the coin of that character in the vaults of the banks or in general circulation, which tends to supply outside needs without invoking the support of the Treasury. *This, we may say, is our currency situation.* This is the system of current funds with which we, as a nation, are doing business. This is the gold "hoard" in the Treasury that is being made the first premise of an argument directed toward the withdrawal of the very foundation of the whole money and credit system—toward the weakening of the base of a credit structure, an impairment of which might cause the card house in which we live to tumble about our ears.

Has the Circulating Medium of the United States Been Reduced?

The claim is made by the opponents of the present Treasury system that the circulating medium—the currency—of the United States has been reduced by having it withdrawn from circulation and locked up in the Treasury. An inquiry into the justice of such a criticism necessarily takes two forms. In the first place, has the

money circulation been reduced? In the second place, has the deposit or *commercial credit currency* been restricted by virtue of the accumulation of gold in our Treasury during the past few years? The first query is answered by the Bureau of Statistics, a representation of which is made below.

Increase in Money in Circulation

December	\$1,980,398,170	May	2,184,576,890
1900—January	2,003,149,355	June	2,177,266,280
February	2,002,031,791	July	2,189,567,149
March	2,021,274,506	August	2,197,789,824
April	2,060,525,463	September	2,227,188,491
May	2,074,687,871	October	2,246,300,542
June	2,062,425,496	November	2,250,256,230
July	2,087,353,408	December	2,250,627,900
August	2,096,683,042	1902—January	2,250,951,709
September	2,113,294,983	February	2,253,969,259
October	2,139,181,412	March	2,252,047,357
November	2,158,761,367	April	2,260,750,242
December	2,173,251,879	May	2,254,415,975
1901—January	2,190,780,213	June	2,246,529,412
February	2,190,609,144	July	2,260,606,137
March	2,187,243,580	August	2,264,932,945
April	2,195,304,235		

The Comptroller of the Treasury in his Report on the deposits, loans and discounts of national banks (see page 27) is quite as significant with reference to the second.

Such was the record of loans and discounts of banks during the time that the Treasury was amassing its enormous reserve complained of. Instead of there being a steady contraction the expansion of commercial accommodation was marked, both in the circulating money and in bank loans. But these showings do not indicate the real importance of a sound and stable currency maintained by the accumulation of reserves and the guaranty of redemption of the credit currency which is found in the Treasury system. This may be put in the clearest light if the question is asked: What would be the effect on the credit-money and on the commercial currency of the United States if these reserves were not protected—if there were the slightest question raised as to the ability of the Government to maintain reserves sufficient to support the enormous credit imposed?

Increase in Accommodations of National Banks from 1897 to 1902 (In Millions of Dollars).⁸

Loans and Discounts of National Banks of the United States.		Loans and Discounts of Clearing House Banks of New York		Loans and Discounts of Banks Outside of New York
1897—March 9	\$1,886.2			
May 14	1,023.3			
July 23	1,066.8			
October 5	2,051.0			
December 15	2,082.6			
1898—February 18	2,138.0			
May 5	2,007.0			
July 14	2,151.7			
September 20	2,155.0			
December 1	2,214.3			
1899—February 4	2,299.0	4	\$741.5	\$1,557.5
April 5	2,403.4	8	778.7	1,624.7
June 30	2,492.2	July 1	786.8	1,705.4
September 7	2,496.7	9	747.6	1,749.1
December 2	2,479.8	2	682.1	1,797.7
1900—February 13	2,481.5	10	720.7	1,760.8
April 26	2,566.0	28	774.5	1,791.5
June 29	2,623.5	30	808.4	1,815.1
September 5	2,686.7	8	818.8	1,867.9
December 13	2,706.5	15	792.7	1,913.8
1901—February 5	2,814.3	2	871.8	1,942.5
April 24	2,911.5	27	884.4	2,027.1
July 15	2,956.9	13	868.4	2,088.5
September 30	3,018.6	28	867.6	2,151.0
December 10	3,038.2	7	881.5	2,156.7
1902—February 25	3,128.6	22	936.7	2,191.9
April 30	3,172.7	May 3	904.1	2,268.6
July 16	3,221.8	19	903.3	2,318.5

⁸ Monthly summary of Commerce and Finance.

What is the Malady with which the Financial World is at Present Afflicted?

It is affirmed by Mr. Eckels that the Government is to blame for the present financial situation. "The evil of the present condition is in a large measure chargeable to the Government itself. It is not the fault of the man of affairs, whether he be a merchant or a manufacturer, nor that of the banker, nor even the speculator in stock on the Exchange." It is just here that serious question might again be raised—issue may again be joined with Mr. Eckels and all those who, for similar reasoning, have reached like conclusion. An "analysis of the situation," such as he recommends, discloses the fact that the present monetary tension is in Wall street, and one in which both banker and speculator are involved—we may say one for which they are largely responsible. Those who are at this time pointing to the Treasury as the pitfall in the path of prosperity are not only overlooking the present practice of banks in the management of their reserves and the relation of the banks of New York to the enormous speculation going on in that city, to which the banks are lending chief financial support, but they are also losing sight of the past history of the reserve system in every financial crisis since its inauguration. They point to the few millions of excess of revenue over disbursements of government as the leading cause of disturbance, overlooking the fact that during this period the increase in Government deposits has been greater than the amount of this excess. They point to the withdrawal of funds from New York to the country, but neglect to mention that the New York banks have voluntarily incurred this liability and have failed to make the necessary provision for meeting it. They suggest that this is an unusual or extraordinary demand on their reserves, but do not charge themselves with the knowledge that the country banks each year, and about this time, are expected to make use of their reserves. In none of the many addresses and editorials current is anything said calling attention to the practice of banks under the present reserve system—the practice on the part of country banks of loaning all but 6 per cent of their legal reserves to "reserve city" banks; of the practice of the "reserve city" banks of loaning all but 12 1-2 per cent of their reserve to the "central reserve city" banks, and still computing these loans as a part of their cash. It is not hinted that these so-called reserves

of other banks, held in New York, are again loaned to speculators for the purpose of giving support to margin dealing. Yet the fact remains within the knowledge of all that in every financial strain since the foundation of the present reserve system there has been a repetition of the situation which now confronts us and which in the end has in each case reacted on the business interests of the country. The only difference is that many of the leading banking institutions of New York are at present controlled by the promoters and underwriters of speculative enterprise.

The financial death-trap with which we as a people are playing is seen in clearest outline by analysis of the Comptroller's report.⁹ From this it appears that on September 30, 1901, the banks of "Central Reserve Cities" (banks of the Class I) owed to all other national banks, as *reserve agents*, \$368,400,000, of which amount \$252,400,000 was due from the banks of New York. The amount due to "Reserve City Banks" (banks of Class II) was only \$168,700,000. This leaves a balance of \$199,700,000. The location of rights to this balance is made quite clear. If it is not owing to "Reserve City Banks" then it must be owing to the "Country banks." That is, Class I owes \$199,700,000 directly to Class III without the intervention of Class II. If we estimate the amount of the reserve demands on New York, in proportion to its holdings, the showing would be approximately as follows:

Reserves of Other Banks Loaned to New York

By country banks (Class I).....	\$135,000,000
By reserve city banks (Class II).....	115,000,000
By New York banks	2,400,000
	<hr/>
	\$252,400,000

This, somewhat intensified, is the situation at the present time. From the above showing is made clear the reason for the present money tension in New York. *A demand for reserves is a demand for money*—not a demand for credit exchange. It is a demand for liquidation of credit by payment of money. When the "country banks" or the "reserve city banks" or St. Louis and Chicago (the other "central reserve city banks") find that they can sell enough of their credit to advantage, to require the presence of more money in

⁹The report of 1901 is here taken, this being the last one published

their own vaults, they call on their New York agents to send home the amount of money needed. The money demands from the twenty-nine "reserve city banks" for which New York must meet if required, was \$115,000,000 and the amount of "country" money reserves for which New York must go to the money market if requested was \$135,000,000. If, perchance, it happens, as is the present case, demands come in from National Banks from all parts of the country at the same time, New York may be asked to find \$250,000,000 "on call."

But this is not the only snare that the New York banks and their financial customers have laid for themselves. In addition to the demand *money* obligations that the New York banks have assumed in the form of "reserves" of other national banks, they have become the central depositories of State banks, and Loan and Trust Companies. To the former class New York owed \$73,400,000 and to the latter \$99,100,000. Thus to the \$250,000,000 of money demands from National Banks about \$172,500,000 may be added. In short, on September 30, 1901, the New York banks stood in the unenviable position of having to deliver over \$422,500,000 of money on demand—or to put the New York situation in terms of speculation, the banks have made a "short sale" of \$422,500,000 of money to other financial institutions, to the delivery of which these institutions look for reserves. The other "reserve city banks" add to this more than \$200,000,000 more of reserve demands.

The banks attempt to justify such practice by a system of "call loans." It is claimed that, when the reserves are loaned "on call," they are available at any time they may be needed; and by putting out the reserves in this way so much more money is put into circulation which otherwise would be locked up and remain unused. There are at present over \$300,000,000 loaned by the banks of New York "on call," and quite as much more in the other twenty-eight reserve cities of the country—about \$600,000,000 of loans "on call." If these loans are "available" for the purpose of maintaining the reserve, then why do the banks in distress appeal to the Secretary of the Treasury to come to their aid and send over a few millions to tide over a strain? It is a known fact that a large part of these are on "margin" speculation. The listed price of collaterals held against such loans is only about 10 per cent in excess of the loans. With low-priced stocks 20 per cent is taken. To "call" these loans would

break the market and force the banks to take collaterals which, if sold, would leave a deficit. In other words, by this system banks and speculators are on such occasions bound together hand and foot. To break the market would break the very foundation on which both stand. To bankrupt the speculator would drag down the bank—would probably bankrupt it also.

Will the Remedies Proposed Prove Effective?

The remedy most commonly proposed is that the Government should deposit its revenues and reserves with the commercial banks. While retaining the present system of bank reserves will this remedy prove effective? The increase in deposits of the Government in the national banks is shown by the following table taken from the last Report of the Treasurer:

Deposits of the United States Treasury in the National Banks

DATE.	Amount.	DATE.	AMOUNT.
1898, August	\$16,661,579	1901, August	\$103,035,834
1899, August	80,888,712	1902, August	126,152,991
1900, August	96,064,261	1902, October	133,932,197

From the foregoing one conclusion is certain—that there has been an ever-increasing fund poured into the banks by the Government. Within six years the deposits of the Treasury have been increased from \$16,600,000 to \$134,000,000. Instead of easing the money market speculation has increased even more rapidly. With each strain in Wall street the Treasury has come to its relief. This has temporarily eased the situation, but when the strain was past, the Government deposits remaining, instead of the banks adjusting credit on a basis to avoid future difficulties by forcing speculation to liquidation, this new and enlarged basis of credit has been used as a broader foundation on which to rear a new and more dangerous superstructure. New credit capital has been supplied to carry still larger speculative deals and syndicates, for the underwriting of issues in companies that promoters would have absorbed by the public. Even in the present crisis enormous syndicate-holdings are waiting only to unload before undertaking projects of still greater magnitude. Washed-sales, professional buying, every device known to the craft, is employed to keep the market from breaking till the inside get out from under. Then, money being easier on this

new capital turned over by the Government, speculators will be ready for another plunge so long as the banks will take their securities as a basis for credit. The extent to which the banks have increased their support to speculation may be noted from the following:

"Call Loans" on Collaterals by the National Banks of New York. ¹⁰	"Call Loans" on Collaterals by the National Banks of 20 "Reserve Cities." ¹¹
1897, October 5 \$145,012,501 1898, September 20 . . . 170,224,464 1899, September 7 228,081,518 1900, September 5 254,624,961 1901, September 30 271,088,313 1902, September 1 ¹¹ 313,000,000	1897, October 5 \$100,593,855 1898, September 20 112,315,767 1899, September 7 189,009,000 1900, September 5 178,497,480 1901, September 30 213,769,127 1902, September 1 ¹¹ 225,000,000

Though the loans of like nature for both the other "central reserve cities" (Chicago and St. Louis) are only about one-seventh as large as those for New York, the same percentage of increase may be observed. What might we expect if the Sub-Treasuries were abolished and all the reserves and money resources of the Government were deposited in the banks? The banks certainly would not keep them. Our commercial craft can scarcely ride the present sea; to increase the flood could not do more than make it more dangerous. The effect would be like that in Jackson's time when he turned the reserves of the Government into commercial channels. Speculation was already dangerous. Instead of permanently increasing the circulating medium, by withdrawing the credit foundation, the whole structure fell and the available currency became so far constricted that the public was reduced to the necessity of doing business with private-issues or "shin-plasters" as they came to be called. At present the reserves of the Government are serving a double purpose: (1) maintaining a credit circulation far larger than the banks could maintain with safety, and (2) coming to the relief of private credit institutions in time of financial strain. In their efforts to uphold the market the banks cast about for some means of support adequate to the emergency. Beholding the ample funds of the Government they say "Give us these and our credit will be

¹⁰ Report of Comptroller, 1901.

¹¹ Statement taken from current financial news.

saved." But abolish the Treasury system, place the funds of the Government in the banks, and at the same time retain the present system of banking reserves—a quagmire as a foundation for credit—then, when a monetary stringency occurs in Wall street, whence will come relief?

Should the Government Go Out of the Credit Money Business?

Mr. Eckels and others of accredited authority would have the Government go out of the credit money business. "The Treasury Department in every government should find exercise of its legitimate functions within the confines of collecting, under the law, the needed revenues for the conduct and maintenance of the Government in all its departments and the disbursement of the same." He affirms that "the Government needs neither a strong nor a working balance wholly disproportionate to its *daily operations*. When it keeps the one or maintains the other, it makes itself a disturbing factor." In other words, its "daily operations" with reference to its own "disbursements" are all that need be provided for, and these should be carried on through private banks. He would have all our credit currency provided by banks. This is another conclusion drawn from the antiquated doctrine of "*laissez-faire*" that may well be questioned. With a primitive people, formal acts of government may not be necessary to the choice or use of a common commodity as money. From mutual advantage a common practice may grow up; commodities which in their nature may be used as a common standard for the comparison of value (such as cattle or furs) may serve the purpose of exchange. But those substances which best lend themselves to the more exact judgments necessary to the broad and complex commercial relations of to-day (gold and silver) have no such marks of individuality and of quality stamped on them by nature as may protect the trader against deception and loss. For example, one of the characteristics that makes gold serviceable as money is the high value imputed to small quantities of the metal. Another is the exact uniformity of weight and quality that can be given to each piece, but these divisions and refinements are purely artificial; by nature they have no uniformity, they have no individual completeness as in the case of cattle or furs, and a few grains added to or taken from a piece of gold may so materially affect its value as to destroy the serviceability of a coin as a standard for judgment. Some common

unit of weight and fineness is essential. Private parties and private business houses being controlled by motives of gain may not be relied on to give character to, and to protect the integrity of coins; the Government—the agency of the people, devoted to *general* welfare as opposed to *private* welfare—must give the metal official stamp such as will stand as a guaranty and will protect the people against the wiles and arts of designing individuals. A standard coinage established and protected by government is a necessary part of the mechanism of exchange and to the work of providing this and maintaining it in strict integrity are established the mints of the world as departments of state.

Quite as necessary is a *complex* system of money. As a nation we have adopted the gold standard as the basis of our system; but gold does not serve well all the uses of money. The necessity for carrying about and transferring such quantities of money material as will be of great value may suggest the use of the more precious metal for large transactions. Gold serves well the use as a standard of value, it also may be found convenient in transfers of from five to twenty dollars; for transactions of larger amount its use is expensive, besides pieces of gold representing values less than five dollars are easily lost and are inconvenient. For small change, silver and baser coins have been found more convenient than gold. Such is the economy of a variety of metals, that in cases when the Government has failed to supply it, private coinage and other temporary devices have been resorted to by the people to supply the need. The practical question for the nation and for the commercial world at large is: How can the advantages of a *single standard* (or a definite unit for the judgment of value) be preserved and at the same time the unquestionable economy of *variety* in the system of money be maintained? Long and bitter experience has driven men to the conclusion that there is only one solution, viz, *the establishment of a unit or standard in the more precious metal, and a system of redemption of all other forms of money used, at a fixed and established ratio.*

Redemption, however, has the effect of reducing all moneys other than the standard to forms of credit. By this, they constitute promises to pay a definite amount of standard money according to the ratio of redemption stamped on their faces. But the use of credit money does not logically stop with redeemable coin. If a sys-

tem of money is developed whereby coins become promises of the Government to pay gold, what is there to prevent the Government from writing these promises on paper and passing them in payment? There is no reason at all, provided the Government at all times keeps itself in condition to meet these promises; and if it does not, then silver dollars, or copper coins, would depreciate as well. Government credit stands on no different footing than private credit. The value of the promise depends on the judgment of the individual receiving it as to the ability of the Government to fulfill its obligations. In our system, paper money is nothing more or less than a demand obligation on the Government to pay gold on call; it must at all times be in such condition that no doubt will be entertained on this score. The only manner in which Government credit differs from private credit lies in the different methods which may be employed by the Government to obtain gold with which to pay, and this applies as well to its redeemable coin as to its paper. When provision is made to meet the credit promises of the Government, then, by reason of its greater economy, paper at once takes the place of coin. So great are the economies of paper money, when placed on a basis of prompt redemption, that the metals are largely deposited. With us, they find employment in vaults, where they may be stored as reserves—the entire business of the country has gone over to a credit or token money basis. The present efficiency of our money system, however, depends on the Government, and so long as the present money system is retained the Government must be looked to to furnish the machinery by which the currency of the country may be preserved in its integrity and present usefulness.

The machinery with which the Government is equipped to perform its monetary functions must embrace three distinct plants: (1) a mint for giving official stamp and guarantee to its coin; (2) a redemption agency for the safe keeping of reserves and for free interchange of the several forms of money used, as the one or the other may be considered more desirable; (3) a revenue department by means of which the necessary funds may be procured to keep its reserve intact. These three plants must necessarily remain under the control of the state till the government decides to go out of the credit money business. All three are combined in the Department of the Treasury. Our Independent Treasury may be said to be the key to our whole system of finance.

In some respects our Treasury system is unique—enough so to warrant an account of the conditions leading up to its establishment. Before the panic of 1837 and the financial depression which followed, the Government had made various incorporated banks its depositories as well as its disbursing agents. The first Bank of the United States was chartered in 1791 and continued in operation twenty years. In 1816 a second Bank of the United States was organized by the Government under a twenty-year charter. During forty years of the period from 1789 to 1837, therefore, the Government had a bank of its own creation and subject to its own control as its financial agent. At three different intervals, covering in all a period of eight years, it had to depend on banks operating independently—state banks. The independent institutions were so far removed from the direct control of the central Government that the currency and finances of the country were left in a state of uncertainty. As a result industry was paralyzed—private as well as public business was seriously handicapped. The charter of the second Bank of the United States expired in 1836. At that time arguments similar to those which we now hear were used against the Bank of the United States; the final result was the removal of the deposits of the Government to state banks. The crisis of 1837 proved fatal. The Government lost through its private bank depositories \$28,101,644.91, at that time an enormous sum. The losses of the people through uncertainty of credit and through the fluctuation of their monetary standard were many times greater than that of the Government. There was a general demand for a change. Van Buren had just come into office when this financial calamity occurred. In national politics he represented Jacksonian democracy—state and local interests as opposed to centralized functions of government. They were adverse to the chartering of a third Bank of the United States; wishing to meet the public demand for a sound and stable currency and at the same time to avoid a monopoly over commercial credit such as had existed under the old régime, an Independent Treasury was proposed. After three years of political controversy the Van Buren measure became a law, but so unpopular had the administration become by reason of the financial and industrial depression of the time that, in 1840, the opposition carried the country and Harrison and Tyler were elected. The opposition was a "fusion" party; Harrison was the representative of the

old-time Whig, a nationalist in sentiment. Tyler was the choice of the "nullifiers"—an ultra-branch of the States-Rights party. These two groups, hostile to the administration, joined forces to defeat the party in power; but when their common enemy had been overthrown (being hostile in doctrine and interest) they fell to fighting with each other. The Whigs favored a central bank as a solution for the currency and credit disturbance and had Harrison lived, the large Whig majority in Congress under the leadership of Clay, without doubt, would have given us a different financial history. A month after inauguration the President died and Tyler came to be our chief executive. Harrison and his party had pledged themselves to the repeal of the provisions for the Independent Treasury and to the incorporation of the third Bank of the United States. Tyler announced his intention to carry out the measures inaugurated by Harrison. While the measure creating the bank was under conference and discussion, a breach occurred between the States-Rights President and the Whig Congress, which widened until open war was declared between the factions, and the bill, having passed both Houses, was vetoed by the President. From this time no quarter was given. The "nullifiers" having the administration in their own hands, and the Whigs in Congress, being in control of the law-making power, a deadlock existed until the issues were carried before the people and the party of the Independent Treasury returned Polk as President. In 1846 Van Buren's scheme for the separation of the *monetary functions* from the *commercial credit* institutions of the country was established and has since stood as an essential part of our financial system. It has been through this—the Independent Treasury—that our Government has been able to furnish to the nation the most highly refined system of credit money known to the civilized world, and at the same time to maintain this system with such integrity that to-day a note of the United States Government will pass in China or India, in South Africa or Europe, "as good as gold;" and if refinement of credit is to be upheld as the *desideratum* of a monetary system the Treasury of the United States has been a most successful monetary institution. It is this credit system of money that has given to the people of the United States a most economic form of currency.

What Would the Abolition of the Sub-Treasury Cost the Banks?

Some of the leading bankers and financial writers have expressed themselves with emphasis as holding to the belief that the reserves of the Treasury should be removed to the banks, and that the banks should furnish all of the credit-money of the country. One conclusion seems beyond question, that the removal of reserves of Government would practically compel the adoption of a bank currency; that is, to take away the gold reserve, would be to take away the foundation on which about \$1,400,000,000 of credit money now rests. The result would be to make all the outstanding credit money of the Government, as at present issued, useless either as a medium of exchange, or as a reserve for the redemption of private or bank credit. To remove this foundation would compel the various banking institutions to find some other support for over \$9,000,000,000 of deposits and credit circulation. To restate the work of the gold reserve in the Treasury, the \$265,000,000 of government gold, in the reserve and in the general fund, supports and maintains on a par with gold \$1,400,000,000 of credit money. This gold together with the gold held by the banks in their own vaults and in the vaults of the Treasury, represented by "certificates," making about \$600,000,000 all told, is used to give support to about \$8,500,000,000 of deposit currency, making a total of about \$9,500,000,000 of credit money and deposit currency after deducting the credit money held by the banks. In other words, under the present Treasury plan only about 6.3 per cent of standard money reserve is required to maintain the current funds used to meet about \$40,000,000,000 of private credit. To remove this narrow foundation, this narrow pillar of gold on which stands this immense superstructure of credit, would cause wholesale havoc. The only way to avoid general disaster would be to remove the credit load to another base before pulling out the foundation.

The new basis for business proposed in substitution for the Treasury issues is an assets bank currency. In this relation another conclusion would seem warranted; that if the American people were to consent to such a shifting of the credit base, they would have to be assured that this foundation would prove as "solid" a basis for credit as the present Independent Treasury. To give this assurance some provision must be made whereby each bank of issue

would be compelled to keep a money reserve in its own vaults adequate to meet its demand obligations—both deposits and issues. What would such a change involve? Without the Independent Treasury to support Government credit money, of what could such a money reserve consist? Clearly it would have to be legal tender for payment of debts. As a nation we have announced our intention to maintain the gold standard. Without the present machinery of government for the redemption of credit money issues what forms of money could safely serve as legal tender? If we maintain the gold standard as a basis for business judgments of valuation, nothing but gold itself would serve. In other words, each bank would have to carry a gold reserve large enough to redeem both issues and deposits when payment is demanded. The experience of banking institutions has been that a much larger standard reserve would be needed than that at present carried by the Treasury and the banks together. Instead of having \$265,000,000 as a redemption fund for obligations resting on the currency, \$106,000,000 of gold held by the banks, and \$220,000,000 of gold (represented by Trust Fund "certificates") kept by the Government and other depositaries for the banks,¹² (judging from the amount of gold held by banking institutions in Europe, where the governments have not intervened with a credit currency supported by an Independent Treasury, and from the amount of banking reserves at present required in the United States) the amount of gold necessary for the support of a banking currency would be from two to three times the amount at present required. It is not the purpose of this paper to offer anything by way of discouragement of a system of bank money, nor bring such a system into unfavorable comparison with our present plan of Government credit money—only to point out that to act with safety and to prevent the recurrence of serious monetary disturbance such a change would involve much larger use of gold in the form of reserves.

The increased cost of such a system would be three-fold (1) increase in investment cost (2) increase in operative expense (3) greater inconvenience in use. If the banks were to provide a credit currency as large as that at present outstanding (the amount demanded to meet the current needs of business) the first cost of the added gold necessary would require large initial investment by the

¹² Treasury Report, 1901, p. 414.

banks; the cost incident to safely keeping and handling this gold would be an added current expense; the inconvenience of handling metallic instead of paper reserves would have to be overcome by the creation of depositories and redemption agencies to be supported by the banks. Beside the political question of the expediency of shifting from a system of government credit money over to a system of bank issues, a question of administration would also arise, as to whether such a system as that proposed could be made stable and sound without a great central bank of control similar to the Bank of England, the German Reichsbank, or the Imperial Bank of Russia.

What the Situation Demands

Under any system of currency the present reserve plan would stand as a menace to sound financial institutions. If present banking practice with reference to reserves is the chief source of weakness in our financial system, this is the first to receive treatment. Forty years of bitter national experience is enough to prove that so long as banks are allowed to loan their reserves to each other and still have these loans count as a part of their legal cash requirement, they will continue to pour into New York in dull seasons funds which will find employment there in speculation, thus endangering the whole system of commercial credit. Its weakness may be summarized as follows: (1) by commingling the resources of the many commercial banks, all effort to compel each institution to stand on its own credit foundation is rendered ineffective; responsibility is shifted, and all suffer together for the follies of the improvident; (2) a situation is created which allows the regular commercial demands of one section of the country to withdraw support from the credit of another section and precipitate a crisis that reacts on the business interests of all; (3) it forces the banks—institutions organized to foster legitimate business—to withhold funds from a commercial and industrial use when needed in order to give support to speculation; (4) it gives encouragement to hazardous forms of financiering, assists in the promotion and underwriting of companies and syndicate operations that have forced a market for their issues, by receiving their issues as security for loans until this evil in the national banking system is remedied, neither assets banking nor any other credit base will be safe.

That the remedy should be adequate to alleviate the distress

goes without saying. The banks cannot be relied on to act voluntarily, else they would have done so long since; the fact is that this practice has grown up among banks in the face of Government opposition and warnings of Comptrollers. The remedy must come from legal control, to protect the conservative banker against the fool-hardy practices of the adventurers. There seems no other conclusion than that the National Bank Act should be amended in such manner as to require each institution to keep its own reserves; and as has been suggested by Dr. Bolles, to take away the inducement for loaning between banks, to forbid the paying of interest on deposits made by all institutions authorized to receive deposits from customers.

The only question that remains for consideration in this relation is as to the amount of reserve a bank should be required to keep. It is suggested that the reserve required should in all cases be equal to the subscribed capital and surplus. The reasons for this lie in the very nature of things. What is the purpose of capital funds in a business? Capital funds are those collected or brought together in an enterprise for the purpose of supplying it with its necessary permanent equipment. The capital of a railroad should be sufficient to provide it with road-bed, tracks, rolling stock, depots and terminal facilities, besides to give it an amount of "cash" sufficient to carry on its regular business. This is supplied by capitalists, investors, in exchange for stocks and bonds—permanent or long-time credit liabilities of the company. All temporary or fluctuating needs are supplied by sale of short time or demand obligations,—current funds. The same funding arrangements are found by manufacturing companies, merchant houses and other business concerns. The capital of a concern is the amount of the liability incurred for procuring permanent equipment, whether this permanent equipment be factories, steel rails, or "cash." What is the permanent equipment of a bank? What are the instruments used by an institution whose business it is to supply railroads, manufacturing concerns and merchants with "current funds?" The form of "current funds" or "cash" most desirable to such a constituency is the demand credit of the bank itself. The one purpose for which a bank incurs capital liabilities, is to support its demand credits—is to enable it at all times to meet the demands of customers for money when demands are made. Money—legal-tender money—therefore is the chief

equipment necessary to a banking business. From experience it has been found that a bank located as is the Bank of England can at all times meet about three times as much demand credit as it has money in its vaults. In other words, the Bank of England is able to sell about three dollars of its credit for every dollar of capital invested. In many of the American cities, experience has shown that a bank may sell four or five times, in some places six or eight times as much of its demand credits as it has money in its vaults. In other words, with \$100,000 of capital invested in *money*, the bank would be able to exchange its own demand credits for from \$400,000 to \$800,000 of commercial paper and other short-time interest-bearing obligations of its customers. The prime purpose of capitalizing a bank, therefore, is that of giving support to credit accounts sold to customers in exchange for deposits. A bank capital should be devoted to the purchase of gold coin or other forms of money that are legal tender for the payment of debts. If we are to have a system of assets bank-currency, the capital of a bank should be devoted to the purchase of gold. Then the bank should be compelled to keep up this equipment. To allow the legal tender money reserve of a bank to become impaired is negligence of the same kind as to allow the equipment of a manufactory or a mine to depreciate. Here the Government steps in when public safety requires it. Why should not the Government step in and compel a bank to keep up its permanent equipment when, by allowing it to become weakened, public welfare is threatened? For failure to safely construct a building or to keep it in safe repair, provide proper light, ventilation, fire-escapes, etc., penalties are imposed. Why should not a penalty in the form of a graduated tax be imposed on excess of demand liabilities of a bank when its reserve falls below the mark? The amount of capital might be regulated by law, but generally speaking, this would regulate itself as a matter of business advantage. A bank having a capital of only \$50,000, represented in original subscription and surplus,—having only this amount as a guarantee of its credit—could not hope to win such confidence in the community as to do a \$1,000,000 loan and deposit business. The amount of capital would at all times stand as notice of its ability; while a bank having a subscribed capital of \$200,000, with only \$50,000 in its vaults, is holding out to the public an ability which it does not possess. With each bank standing on its own financial

bottom, and with its full capital held as a reserve for the payment of its demand credit obligations, the financial atmosphere would be cleared of the fog that lends to speculation its life, and enshrouds commercial enterprise in darkness to find itself suddenly wrecked on the unseen rocks in the channels of trade.

Under our present credit money system the first, the most important duty of the Treasury to the public is one of providing and supporting a *uniform and stable currency*, adequate to the needs of business. Having established ourselves on a gold standard basis, while we retain the present system of credit money issues, the Government should strengthen rather than weaken its gold reserves. But beyond this it has a second duty in its relations to *commercial credit*. The Government through its income and disbursement comes into daily contact with the credit institutions of the country, and may, by inconsiderate action, materially weaken their reserves. In its relation as depositor it may have a strong regulative influence. The present practice of constantly enlarging government deposits in banks to their full capacity of giving security to the Government for issues, leaves the banks impotent to obtain aid when needed. The deposits of Government should move in harmony with excess of balances of revenue and expenditure. In brief, the Government should lend aid to commercial banks only in time of strain, which should be withdrawn after the tension is passed to force them back to doing a conservative business on their own capital for working base. The Government should keep deposits in banks sufficient for its own convenience in exchanges, these to be increased or decreased according to variations in revenue balances. Any change in circulation could thereby be made gradual and uniform and according to previously announced policy.

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THE CURRENCY OF THE PHILIPPINE ISLANDS

The American Government found in the Philippine Islands upon their cession by Spain a condition as chaotic in monetary affairs as in civil administration. The Philippines were upon the silver standard, but they had little coinage of their own, either legal tender or subsidiary. The supply of legal tender money consisted chiefly of Mexican silver dollars. The Spanish Government, in order to limit the fluctuations of exchange, had in 1877 prohibited the importation of any Mexican dollars which were issued after that date. This provision was, however, so persistently evaded that it exercised little influence upon the monetary system of the islands. Gold disappeared under the pressure of depreciated silver and after 1884 practically none remained in circulation.

An effort had been made by the Spanish Government to provide a local currency, but the project had been only partially carried out. This project consisted of the coinage of a few Spanish-Filipino pesos and their subdivisions, supplemented in a small way by the Spanish subsidiary coin. The pesos were lighter than the Mexican coins, but as their quantity was not more than sufficient to supply the currency needed in the islands, the pesos circulated at par with the "Mexicans." It was fortunate for the islands that these coins, by reason of their light weight, were not exportable to advantage as bullion and, therefore, remained in circulation when other forms of money tended to disappear. A few subsidiary pieces corresponding to the silver pesos had been coined by the Spanish Government exclusively for use in the Philippines. The other subsidiary pieces, however, and most of the minor coins, were the same as those used in Spain. The peseta piece of Spain, worth nearly twenty cents in American money, was at one time maintained at this value in Spain and even when Spanish finances became deranged did not decline in its exchange value in gold so rapidly as the Mexican silver dollar. The consequence was to destroy the relationship between the Mexican dollar and the subsidiary coins. The Spanish peseta came to be worth about fifteen cents in gold in Spain, while as a quotient part of the Mexican peso it would pass for perhaps ten cents or less in gold value at

Manila. The result of these conditions was to tempt shrewd bankers to gather up all the Spanish subsidiary and minor coins in the Philippines and send them to Madrid, making in the transaction a profit in the neighborhood of 50 per cent. By such operations the Philippines were almost denuded of small Spanish currency and into this vacuum flowed to some extent the coins of the United States, having a recognized value of more than twice the corresponding pieces of Spanish and Mexican coinage.

Deficiency of currency, confusion in converting the natives to the comparative values of American currency, and wild fluctuations in the exchange value of foreign silver were the characteristic features of the monetary situation at Manila during the first three years of American occupation. The branches of two large English banks—the Hong Kong and Shanghai Banking Corporation and the Chartered Bank of India, Australia and China—controlled exchange and many complaints were made by American officers and civilians against what they considered the excessive rates charged by the banks, but which were a natural outcome of the monopoly exercised by these banks and the constant fluctuations in the value of silver.

The Philippine Commission sought to give stability to the relations between American currency and local currency by prescribing that the Mexican silver dollars, the Spanish-Filipino dollars, and the quotient parts of these dollars in use in the islands, should be received for public dues in the ratio of two Mexican pesos to one dollar in American gold. This policy achieved for a time a certain measure of success. So long as the value of silver bullion did not depart greatly from these proportions, the cost of transportation and the necessity for the use of some form of legal tender kept the silver coins at about this ratio in retail trade.

But worse difficulties arose in the summer of 1900. The forces of the western powers gathered at that time in great numbers at Tien-tsin, for the rescue of the legations and the infliction of punishment upon the Chinese for their disregard of the privileges of Ambassadors. The gathering of a large army with its commissary, medical, quartermaster's, and pay service necessarily required the use of money. A demand for currency was created in China which could not be met from the stock of Mexican silver dollars in use there nor be supplied promptly by the Mexican mints

at their long remove from the place where the currency was needed. In consequence of these conditions, the exchange value of the Mexican pesos rose considerably above fifty cents in gold. This gave to them a higher exchange value around Tien-tsin than the official rate at Manila. Inevitably came into play the operation of the economic law, that money will go where it has the highest value. Mexican coins were drained away from Manila at an alarming rate. Between August 27 and November 1, 1900, the two English banks exported \$2,087,500 in Mexican money and the early days of November witnessed a revival of the outward movement. The country, already denuded of its small silver, faced a famine even in the remnant of its means of exchange. Various devices to check the outflow were adopted by the Philippine Government, including a duty of 10 per cent on exported silver, but the evil only ceased when the forces of the Powers began to depart from China and the demand for money was thereby diminished.

A counter-movement in the relations of gold and silver at Manila now set in. The Mexican peso fell materially below fifty cents in gold and began pouring into the Philippines from China and the islands of the Pacific. The inevitable result was to drive out of circulation the American currency, which had come into use because there was no other available for carrying on trade in Manila. American currency began to disappear. It had been treated by foreign bankers from the beginning as gold exchange on New York, as good as gold at London or Paris, and more convenient and transportable in the form of paper than in coin or bullion. American currency has come to be so well understood in the trading centers of the Orient that any form of it—gold and silver coins, greenbacks or silver certificates—are alike called gold, because under the gold standard law of March 14, 1900, they are the equivalent of gold in all markets. In Japan, where Chinese silver money is not readily accepted, I had a jinrikisha man refuse a Chinese ten-cent piece and gladly accept an American nickel with the exclamation, "Oh, yes, gold!"

It was with a view to rectifying the inconvenience which arose from these constant fluctuations in the medium of exchange in the Philippines that the writer urged upon Colonel Clarence R. Edwards, the head of the Division of Insular Affairs in the War Department, that some expert should be sent to the Philippines to study condi-

tions there and to recommend a stable and satisfactory coinage system. After the adjournment of Congress in 1901, the subject was taken up by Secretary Root. The writer was requested by him to visit the Philippines and consult with the Civil Commission with a view to making recommendations to the War Department to be submitted to Congress for its action. The Philippine Government had already laid down the outlines of a project which seemed to them desirable for giving stability to the relations between the money of the Philippines and the gold standard of the United States. They stated in their annual report to the Secretary of War for 1900:

"It seems to be desirable that some substitute for the Mexican dollar, as well as for the Spanish-Filipino dollar, should be provided which would be uniform in its relation to the United States dollar, and would commend itself to general public use as being substantially what they have long been accustomed to. We have interviewed a large number of leading business men of the islands, and they substantially all concur in the opinion that it would be injurious to business to place the islands immediately upon an absolute gold standard.

"As a solution to the problem it has been suggested, and the suggestion has met the approval of the business men here generally, that the United States dollar, or a theoretical United States-Filipino gold peso, of the value of half a dollar, like the theoretical gold yen which is the unit of currency in Japan, should be made the standard of value, but that a silver United States-Filipino peso, containing a small percentage less silver than the Mexican dollar, should be coined, which would be receivable in business transactions as the equivalent of fifty cents in United States money, together with convenient subsidiary coins of the same character. The amount of silver in the peso should be such a percentage less than that in the Mexican dollar that its intrinsic value would not at any time warrant its export from the islands, but its convertibility into American money at uniform fixed rates, guaranteed by the United States, would make it a convenient and useful currency for ordinary business transactions in the islands."

There were, broadly speaking, three alternative plans which it was possible to consider. One was the introduction of American gold currency as the sole legal tender in the Philippines; the second was the continuance of the silver standard, with the adoption of a distinctive American coin in place of the Mexican. The third alternative was to do nothing—to leave the islands subject to the difficulties of the existing coinage system and the ebb and flow of the currency supply under influences beyond the control of the Philippine Government or the commerce and finance of the Philippine Islands.

The introduction of American currency had warm advocates among some of the army officers, upon the obvious ground of the simplicity which it would introduce into their accounts. Owing to the rigidity of the accounting laws, much trouble was caused when it became necessary to pay for supplies in silver at any other ratio than two to one, or when silver was received in change or for the sale of supplies which could not be converted into American money at that ratio. The objections were strong, however, among business men and prominent native Filipinos to the introduction of American currency as the sole legal tender. The essential difficulty lay in the fact that wages and prices were on too low a scale to adjust themselves to a gold currency of such a high unit as the American dollar. The natives about Manila very generally grasped the puzzling fact that an American piece of twenty-five cents was equal in value to a piece of twice the size in local currency; but even when this was fully understood, it did not obviate the difficulties arising from a high unit. What was said in my report to the War Department on this subject is pertinent to this article:

"Wages are expressed in such small amounts in the Philippine Islands, and many articles of necessity to the natives are sold for such trifling sums, that for small transactions even the American cent is too large a unit. It is necessary that the lowest unit of value should be a very small one. The centavo which is recommended, equal to one-half of a cent, will meet this necessity. A native laborer accustomed to receiving a peseta, or twenty centavos, for a day's labor, would find an American ten-cent piece less suited to his wants, even though he was satisfied that it represented the same value. The reason would lie in the fact that the American coin would be less easily exchangeable for smaller subdivisions. The American ten-cent piece is the smallest silver coin which can be used with convenience, but the peseta, or piece of twenty centavos, is of twice its size and is divisible into two pieces of about the size of the American ten-cent piece, each representing an exchange value of five cents in gold. As this difficulty was tersely put to the Schurman Commission in 1899 by Mr. Charles Ilderton Barnes—

"If the agriculturists are paid in gold, they can not make that gold go around like twice the number of dollars in silver."

In Porto Rico, as was testified by Professor Hollander, the introduction of American currency as lawful money in place of the Spanish, caused serious difficulties. It is obvious that such difficulties would be greatly intensified in the Philippines by reason of the wider area, the more numerous population, and its more varied character.

The evils of doing nothing—the continuance of the Mexican dollar as the standard—have been sufficiently illustrated by the narrative of what had already occurred. The other alternative—the continuance of the silver standard, with the substitution of an American silver coin for the Mexican—can better be discussed hereafter in connection with the action of the Senate Committee on the Philippines, which declared in favor of this plan. It is sufficient to say that the only essential advantage of a distinctive Philippine coin on the silver basis would be that the mints would be more accessible than when Mexican coins were used. Instead of going through the circuitous channel of the Mexican mints, silver bullion could be brought directly to Manila, where it was to find its employment after conversion into silver coin. It was not possible, and it was not pretended, that the adoption of a distinctive American coin would do more to steady the relations between gold and silver than would arise from the elimination of this element of delay in the coinage of the Mexican mints. In other words, the adoption of a distinctive American silver coin upon the free coinage basis would reduce the fluctuations of exchange merely to the fluctuations in the prices of silver bullion instead of subjecting them to the accidents of the supply of Mexican silver pesos.

Examination of the monetary conditions in the Philippines led the writer to accept the plan recommended by the Commission in its report for 1900, in its general scope, as the best solution of the difficulties prevailing there. It remained, after reaching this decision, to work out the details with Judge Henry C. Ide, the Secretary of Justice and Finance in the Philippines, who had experienced similar difficulties in Samoa while serving there as one of the American Commissioners. The plan prepared by Judge Ide and the writer was submitted to the Commission, carefully discussed and amended in trifling details, and was then transmitted (in November, 1901) to the War Department with the unanimous approval of the Commission, including the three Filipino members, who had just entered upon their service. These Filipino members were often consulted as to the practical operations of the project and two of them were constituted a committee to suggest designs for the new silver coins.

The plan of the Commission, in its general outlines, embodied the following propositions:

"1. That there should be a distinctive Philippine coin of silver which should be legal tender for fifty cents in the gold money of the United States.

"2. That this distinctive silver coin should be known as the peso, should contain twenty-five grams of silver of the fineness of 0.835, and should be divisible into one hundred equal parts, called centavos.

"3. That this coin should be issued by the government of the Philippine Islands in such quantities, to be determined by such government, as may be required by the needs of trade.

"4. That the distinctive coin should be maintained at par with gold by the limitation of the amount coined and by a gold reserve, to be constituted from the seigniorage derived from the coinage of silver bullion, and to be employed, in the discretion of the Philippine Government, for the direct exchange of silver for gold, and in such other ways as may be necessary to maintain the parity fixed by law.

"5. That the Mexican silver dollar and other coins now in use in the Philippine Islands should cease to be legal tender after specified dates, and that the new silver coins and the gold money of the United States, where not otherwise stipulated by the contract, should be the sole legal tender for public and private obligations.

"6. That the new coinage should be executed as far as possible at the mint at Manila, and should bear distinctive devices expressing the fact that it is intended for use in the Philippine Islands."

It is difficult, in attempting within reasonable limits to define such a project, to cover all the possible questions which may arise in the mind of a reader regarding its operation and the means of making this operation effective. The essential monetary principle involved was that of a limited token coinage. The Philippine Government, by controlling the output of silver coins, would be able to keep them constantly at parity with gold by suspending the issue when they became redundant and resuming it when they became scarce. Redundancy or scarcity would be demonstrated to a large degree by the proportion of the coins paid into the Treasury for public dues. Redundancy would be disclosed also by the presentation of the coins for redemption in gold, while scarcity would be disclosed by the presentation of gold to obtain the coins. If the supply of coins held in the Treasury was entirely exhausted by the offer of gold, it would plainly indicate that there was something like a permanent deficiency in the coinage supply and that additional silver pieces should be coined. The coin proposed was made somewhat lighter than the Mexican peso, in order to afford a margin within which the bullion value might rise without encouraging such an exodus of the money of the islands as took place in the summer

of 1900 to meet the needs of the armies of the Powers. This margin, however, was not wide enough to offer any such considerable profit to counterfeiters as would be afforded by the introduction of American silver coined at the ratio of sixteen to one.

The plan of the Commission, with a report prepared by the writer, was submitted to Congress with the approval of the Secretary of War. Secretary Root, referring to his expressions of the previous year, declared:

"Time has confirmed the opinion in which I then concurred with the Secretary of the Treasury that the wise course is to coin and pay out for Government uses pesos of a little less than the weight and fineness of the Mexican pesos of 377.17+ grains of pure silver, at the rate of two silver pesos for one dollar, gold, the ratio now maintained in the islands between Mexican dollars and American gold dollars, and to maintain that same relation between the new coins and gold by exchanging gold for them at that rate.

"I am satisfied that such coins, being substantially identical in size and exchange value with the coins to which the people are accustomed, will pass into circulation, and that as rapidly as this is accomplished the business of the country will come upon a gold-standard basis representing a fixed relation between the proposed coins and American money."

The proposition for a coinage system was only a small part of the comprehensive plans of the Philippine Government and of the War Department for bringing order out of chaos in the Philippines. One of the greatest constructive works of modern times lay before these officials and Congress, comparable only to the great work which the Earl of Cromer has so successfully carried out in Egypt. Provisions for substituting civil government for military rule, for reforming civil and criminal law, for giving a share in this government to the Filipino people, for regulating land titles and the future development of agriculture, for establishing mining concessions upon an equitable basis, for regulating the grant of valuable franchises, were all parts of the Philippine Government bill upon which Secretary Root; Judge Magoon, the law officer of the Division of Insular Affairs; Colonel Edwards, the head of the division; and Judge Smith, a member of the Supreme Court of the Philippines, worked assiduously for weeks during the early part of the session of Congress. Their work in turn was carefully reviewed, amended and completed by Governor Taft when he brought to the aid of the officials in Washington his thorough knowledge of actual conditions

in the Philippines, his vigorous personality, and his almost infallible judgment of what it was possible and desirable to accomplish.

The coinage plan prepared by the Commission and the writer and approved by the War Department was embodied in bills introduced on January 7, in the Senate by Mr. Lodge, of Massachusetts, Chairman of the Committee on the Philippines, and in the House by Mr. Cooper, of Wisconsin, Chairman of the Committee on Insular Affairs. Hearings were given by both committees to those interested in the subject, including the representatives of the English banks at Manila, who were naturally opposed to departure from the silver standard. The House Committee adopted the plan recommended by the War Department and Governor Taft. The Senate Committee struck these recommendations from their bill and substituted a plan for a silver dollar which should contain 416 grains of standard silver, nine-tenths fine. The following section of the Senate bill provided for free coinage of this proposed dollar on private account:

"SEC. 82. That any owner of silver bullion may deposit the same at the mint in the Philippine Islands, to be coined as hereinbefore provided. Silver bullion brought to the mint of the Philippine Islands for coinage shall be received and coined by the proper officers for the benefit of the depositor: *Provided*, that it shall be lawful to refuse at the mint any deposit of less than one hundred dollars, and also any bullion so base as to be unsuitable for the operations of the mint: *And provided also*, That when gold is combined with said bullion in such small proportion that it cannot be separated advantageously no allowance shall be made for such gold to the depositor."

Each House sustained the action of its Committee. The Senate bill passed the Senate on June 3, 1902. It was referred to the House Committee, but that committee reported its own measure as a complete substitute and this bill passed the House on June 26. A conference between the two houses was then arranged, but it was found impossible to reach an agreement in regard to the coinage standard. When it became plain that agreement could not be reached, it was finally decided to drop the proposals of both houses on this subject. The bill agreed upon in conference was accepted by both houses on June 30 and approved by the President on July 1.

The members of the House Committee appeared to be thoroughly satisfied, after the explanations made by Secretary Root, Governor Taft and others, that the plan for a gold standard would correct the extreme fluctuations of exchange and operate without

risk or difficulty in maintaining the proposed silver coins at par with the gold money of the United States. The members of the Senate Committee opposed the plan for the gold standard upon several grounds. The most important appeared to be that there would be difficulty in maintaining the coins at the value given them by law, by reason of severe pressure for gold, which would subject the government of the Philippine Islands to heavy expense to obtain gold for the redemption of silver. Under this head it was pointed out by those favorable to the plan, that the limitation of the quantity of the coins and their receipt for public dues would operate as a limited redemption in itself and would maintain them at the proposed ratio with as much ease as the silver dollars of the United States are maintained at par with gold. The difficulty which arose in the United States in 1884 and 1893, it was pointed out, was caused by the fact that a fixed amount of silver was pumped into the circulation monthly, without regard to the needs of trade. This would not occur in the Philippines, if ordinary prudence were used by the Government under the absolute discretion with which it was vested to coin only so much silver as was needed.

The burden of obtaining gold would rest rather upon the banks than upon the Treasury. Whenever there was a scarcity of currency and silver was accumulated in the currency reserve, it would lie with the banks to draw out the silver by importing gold and presenting it for silver coin at the ratio fixed by law. Members of the Senate Committee, who distrusted the success of this system, appeared a little surprised when the experience of British India was brought to their attention. The Indian Government has been pursuing substantially the same policy as that recommended for the Philippines. This policy, however, was inaugurated under infinitely greater difficulties in India than would be the case in the Philippines, because in India there was an immense mass of silver coin to be maintained at the official parity and old silver coins began to creep out of hoards when their value as coin rose above their value as bullion. The Indian Government, after seeking to maintain a fixed par of exchange for six years, without offering to redeem silver in gold, undertook in 1899 to make the English gold sovereign a legal tender and to issue silver rupees at a fixed rate for gold. The result, as set forth in the Indian Financial Statement for 1900-01, was as follows:

"We have been nearly swamped (temporarily) by gold. The amount in our currency reserve on April 1, 1899, was £2,030,000. It stood on March 7, 1900, at £7,000,800; the amount accumulated in London under Act II of 1898 stood at £1,500,000, making the aggregate £8,560,800. The difficulty has been that of meeting the demand for rupees in exchange for notes or gold tendered to us."

The fact that the government of British India, in spite of the magnitude and difficulties of the problem which it confronted, found more than \$40,000,000 in gold on its hands within a year after offering to issue silver for gold, seems to afford pretty conclusive demonstration that at least equal success would be attained in the Philippines in dealing with a silver coinage whose quantity would be strictly regulated by the government from the beginning in conformity with commercial needs, and which would circulate upon a much smaller scale than in British India.

The other objection made by members of the Senate Committee was the fundamental one that the silver standard was in itself, in view of trade conditions, preferable to the gold standard in the Philippines. So far as this view rested upon the belief that the Philippines had to deal chiefly or largely with silver-using countries, a statement was presented to the Committee showing the relative proportion of the export and import trade of the Philippine Islands with gold and silver standard countries, for the eight months ended August 31, 1901. This statement was as follows:¹

Commerce of the Philippine Islands

For the Eight Months Ended August 31, 1901.

(Compiled from the monthly summary of the commerce of the Philippine Islands, for August, 1901, prepared in Division of Insular Affairs, War Department.)

COMMERCE WITH GOLD STANDARD COUNTRIES.

<i>Europe.</i>	Imports into Philippines	Exports from Philippines
United Kingdom	\$3,980,527	\$8,485,907
Germany	1,361,690	54,911
France	1,109,260	917,573
Spain	1,203,330	825,640
Belgium	152,868	4,473
Denmark	2,449	.....

There may be a question of the propriety of including in the list of gold standard countries the French India Indies, as their monetary system is partly native and partly French, but even the transfer of this item to the silver side leaves a great preponderance of the trade of the Philippines on the side of gold standard countries.

	Imports into Philippines.	Exports from Philippines.
Netherlands	\$107,397	\$553
Russia	184,321	.....
Switzerland	425,778	155
	<hr/>	<hr/>
	\$8,626,629	\$10,289,212
<i>Other Gold Countries.</i>		
Japan	\$707,654	\$1,338,960
French East Indies	1,624,971	1,247
United States	2,470,050	1,960,687
Canada	32,592	7,329
Australasia	422,790	489,730
	<hr/>	<hr/>
Total, other than Europe	\$5,258,057	\$3,797,953
Total gold countries	\$13,884,686	\$14,087,165

COMMERCE WITH SILVER STANDARD COUNTRIES.

China	\$2,701,906	\$80,770
Hong Kong	632,700	2,127,814
British East Indies	1,689,265	514,370
Siam	548,285	260
	<hr/>	<hr/>
Total silver countries	\$5,572,156	\$2,723,214
Countries not enumerated	161,754	125,026
	<hr/>	<hr/>
Total merchandise	\$19,618,596	\$16,935,405

Notwithstanding these arguments, the Senate Committee adhered to the view, as expressed by its chairman on the floor of the Senate, that it would be imprudent to attempt at present to establish the gold standard in the Philippines. The Senate, as already stated, refused in conference to accept the plan of the House, and the two houses failed to reach any agreement regarding the standard. The need for small money was so pressing, however, that the two houses agreed upon some provisions for subsidiary and minor coins. The names of these coins were taken from the House bill, in order to meet a criticism which was strongly expressed in the United States, that the names proposed by the Senate bill, being the same as those of the American coins of twice the exchange value, would result in the fraudulent circulation of the new coins in the United States and introduce confusion in retail trade. The provisions made on this subject were for a mint at Manila and that "the laws of the United States relative to mints and coinage, so far as applicable, are

hereby extended to the coinage of said islands." The other essential sections regarding coinage are these:

"SEC. 77. That the government of the Philippine Islands is authorized to coin, for use in said islands, a coin of the denomination of fifty centavos and of the weight of one hundred and ninety-two and nine-tenths grains, a coin of the denomination of twenty centavos and of the weight of seventy-seven and sixteen one-hundredths grains, and a coin of the denomination of ten centavos and of the weight of thirty-eight and fifty-eight one-hundredths grains, and the standard of said silver coins shall be such that of one thousand parts by weight nine hundred shall be of pure metal and one hundred of alloy, and the alloy shall be of copper.

"SEC. 78. That the subsidiary silver coins authorized by the preceding section shall be coined under the authority of the government of the Philippine Islands in such amounts as it may determine, with the approval of the Secretary of War of the United States, from silver bullion purchased by said government, with the approval of the Secretary of War of the United States: *Provided*, That said government may in addition and in its discretion recoin the Spanish-Filipino dollars and subsidiary silver coins issued under the authority of the Spanish Government for use in said islands into the subsidiary coins provided for in the preceding section at such rate and under such regulations as it may prescribe, and the subsidiary silver coins authorized by this section shall be legal tender in said islands to the amount of ten dollars.

"SEC. 79. That the government of the Philippine Islands is also authorized to issue minor coins of the denominations of one-half centavo, one centavo, and five centavos, and such minor coins shall be legal tender in said islands for amounts not exceeding one dollar. The alloy of the five-centavo piece shall be of copper and nickel, to be composed of three-fourths copper and one-fourth nickel. The alloy of the one-centavo and one-half-centavo pieces shall be 95 per centum of copper and 5 per centum of tin and zinc, in such proportions as shall be determined by said government. The weight of the five-centavo piece shall be seventy-seven and sixteen-hundredths grains troy, and of the one-centavo piece eighty grains troy, and of the one-half-centavo piece forty grains troy.

"SEC. 80. That for the purchase of metal for the subsidiary and minor coinage, authorized by the preceding sections, an appropriation may be made by the government of the Philippine Islands from its current funds, which shall be reimbursed from the coinage under said sections; and the gain or seigniorage arising therefrom shall be paid into the treasury of said islands.

"SEC. 81. That the subsidiary and minor coinage hereinbefore authorized may be coined at the mint of the government of the Philippine Islands at Manila, or arrangements may be made by the said government with the Secretary of the Treasury of the United States for their coinage at any of the mints of the United States, at a charge covering the reasonable cost of the work.

"Sec. 82. That the subsidiary and minor coinage hereinbefore authorized shall bear devices and inscriptions to be prescribed by the government of the Philippine Islands and such devices and inscriptions shall express the sovereignty of the United States, that it is a coin of the Philippine Islands, the denomination of the coin, and the year of the coinage."

Even if measures are at once taken to comply with this law, it will probably be near the beginning of the coming year before any of the new pieces will gladden the eyes of the natives of the Philippines. It has been recommended to the Philippine Government that they coin as many of the pieces of fifty centavos as can be gotten into circulation in the islands. These are the largest pieces authorized by Congress, corresponding in size to the American half dollar but having less than half its gold value. If these coins prove generally acceptable in retail trade, they may tend to expel the Mexican silver dollars to a considerable extent from use and thereby establish a distinctive local currency.

What shall be done in future for solving the Philippine currency problem depends largely upon the operation of the new coinage law. If the new coins authorized by Congress come into general use and tend to expel the Mexican pieces, it will be in the power of Congress, if the system appears to be acceptable, to throw the mints open to the free coinage of a standard Philippine peso. If, on the other hand, there seems to be a strong desire for putting an end to the fluctuations of exchange by the introduction of American currency or a local gold standard, legislation to that effect can be enacted. In view, however, of the amount of time spent upon the Philippines at the last session of Congress, it is doubtful if there will be a disposition to do anything more until the results of the new law have been tested by experience. The Philippine Commission now have wide law-making power by the grant of Congress and they may feel justified, after the new coinage system has been tested, in themselves legislating in conformity with local needs. The power lies with Congress under the Philippine Government Act to disapprove their legislation if it is considered unwise.

The experience of the Filipinos with the Mexican pesos throws a side light upon the difficulties of international money in the present state of relations between nations and between gold and silver. Conformity to an international unit of exchange, agreed upon by all civilized nations, has been the dream of many students and philoso-

phers. It is unquestionably a dream full of attraction and perhaps capable of realization when all nations shall adhere with inflexible honesty to a metallic standard of full weight and value, and shall never be compelled to suspend specie payments by the exigencies of party politics at home or war abroad. Under existing conditions, however, with silver almost inevitably employed for token coins and with these coins fluctuating in their relations to gold, the possession by any nation of a coinage which is not under its own control involves grave uncertainties. This has been demonstrated by the history of the Latin Union, where the suspension of specie payments by Italy flooded France and Switzerland with Italian silver coins. These coins, driven from Italy by her depreciated paper currency, under the operation of Gresham's law, were receivable in France and Switzerland at par with gold and it became necessary to formulate a special convention to compel Italy to take back her silver at its face value. Some of the difficulties encountered in the Philippines by employing the money of another nation have just been recounted. They are but a hint of the difficulties which would ensue if Mexico should herself discredit her silver coins by the adoption of the gold standard. It is certain that Mexico, in that event, could not and would not attempt to raise to any fixed gold parity the great mass of her coins which have found circulation in the East. She would face the same difficulties which the United States would have faced in the Philippines if the Senate provision for free coinage had become law and it had afterwards been proposed to raise the coins issued to parity with gold.

The Philippines, if they should continue to use Mexican pesos as their standard money, while Mexico herself drove them from her coinage and established the gold standard, would be in a position almost unique in monetary history. The Mexican pesos, repudiated at home, would be like outcasts taken under the wing of a foster-mother. If all of them were in use in the Philippines the problem, even under these conditions, would be comparatively simple; but in view of the great quantities of them in circulation in China and other parts of the Orient, it would never be possible for the Government of the Philippine Islands, however kindly disposed towards their desolate and orphaned state, to adopt them as the basis of a national currency. It is clear that disorder and fluctuations will continue to afflict the monetary system of the Philippines until action

is taken either by Congress or the Philippine Government to bring the system into definite relations with the gold standard of the United States and Europe, with whose commerce the future prosperity of the Philippines is inevitably bound up.

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THE FINANCING OF THE SOUTH AFRICAN WAR

When on October 20, 1899, the Chancellor of the Exchequer presented to the British Parliament his first estimate for the South African War, the government proposed to finish the war in four months with an army of about 50,000 men, and at a cost of £10,000,000, which was thought to be a very liberal estimate. The war was finally terminated in June, 1902, after employing an army of 250,000 men and involving an expenditure of over £200,000,000. It has been in some respects one of England's greatest wars. Many problems are presented in the financing of a modern war of such magnitude, and it is the object of this paper to give a brief account of the financial operations that have taken place and to discuss certain features which may be of interest to the student of public finance.

The South African War began in October, of the year 1899. On the seventeenth of that month a special session of Parliament was called and the first demand for the cost of the war was presented on the twentieth. Ten million pounds were asked for, of which £2,000,000 were for the cost of reinforcements sent prior to the outbreak of hostilities and £8,000,000 were to cover all expenses up to March 31, 1900, when it was assumed that the war would certainly be over. The inability of the government to forecast with any degree of accuracy the probable duration or cost of the war has been the rule from first to last. Estimates have been regularly insufficient, necessitating large supplementary estimates in rapid succession.

To meet this grant of £10,000,000 power was given to borrow £8,000,000 by treasury bills, the balance being made up from the surplus of revenue over ordinary expenditure which was estimated at £3,000,000 for the year.

This grant was soon used up and on February 12, 1900, a second estimate of £13,000,000 was presented, making a total of £23,000,000 voted for the war in the fiscal year 1899-1900.

Early in the year 1900 it became evident that the war was going to be long and costly and that some definite provision would have to be made to meet the necessary expenditure. Consequently,

Sir Michael Hicks-Beach took the very unusual step of presenting his Budget early in March, more than a month before the regular time. It is unnecessary to go into the estimates of receipts and expenditure in this Budget since they had to be materially revised in a statement issued at the close of the fiscal year. Suffice it to say that the government found itself with an estimated deficit for the two fiscal years, 1899-1900 and 1900-01, of £54,952,000. In introducing his plan for providing this amount the Chancellor of the Exchequer dismissed at once the idea of depending on borrowing for the whole sum. He proposed to call upon the taxpayers for an immediate and specific sacrifice. Believing, however, that the expenditure was only a temporary necessity, he did not think it wise to make any permanent fiscal changes but would obtain what was needed by increasing existing taxes. The following changes were made:

1. An increase in the rate of the income tax from 8*d.* to 1*s.*, estimated to yield £6,500,000. This estimate was later increased to £7,000,000 and was even then too low.
2. An increase of 1*s.* per barrel in the beer tax, estimated to yield £1,752,000.
3. An increase of 6*d.* per gallon in the tax on spirits, estimated to yield £1,015,000.
4. An increase of 4*d.* per pound in the tobacco tax, with an additional 6*d.* per pound on foreign cigars, estimated to yield £1,100,000.
5. An increase of 2*d.* per pound in the tea duty, estimated to yield £1,800,000.

In all, these additional taxes were expected to yield £12,167,000. A saving of £4,640,000 was made by suspending the sinking fund devoted to the payment of terminable annuities held by various government departments. To meet the balance of the deficit and leave a margin for contingencies the government was given power to borrow £43,000,000. Of this sum, £8,000,000 were obtained by reissuing treasury bills authorized in October, 1899, £5,000,000 by new treasury bills and £30,000,000 by an issue of war loan stock.

A revised financial statement was issued on April 6, from which we take the figures of revenue and expenditure for 1899-1900 and the final estimates for 1900-01. The statement for 1899-1900 is summarized as follows:

Revenue	£119,840,000	
Expenditure:		
Ordinary	£110,506,000	
War Charges.....	£23,000,000	
Interest on War Debt.	217,000	
	<hr/>	
Total Cost of War	23,217,000	
	<hr/>	133,723,000
Deficit.....		£13,883,000

The estimates for 1900-01 are as follows:

Revenue:		
Customs	£23,620,000	
Excise	33,550,000	
Estate Duty.....	13,000,000	
Stamps	8,550,000	
Land and House Tax.....	2,450,000	
Income Tax	25,800,000	
	<hr/>	
Total Tax Revenue	£106,970,000	
Total Non-tax Revenue	20,550,000	
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Total Revenue.....		£127,520,000
Expenditure:		
Ordinary	£116,035,000	
War Charges.....	£37,797,000	
Interest on War Debt..	800,000	
	<hr/>	
Total Cost of War.....	38,606,000	
	<hr/>	
Total Expenditure		154,701,000
	<hr/>	
Deficit		£27,181,000
Deduct Sinking Fund suspended.....		4,640,000
		<hr/>
		£22,541,000
Deficit for 1899-1900 ..		13,882,000
		<hr/>
Final Deficit		£36,423,000

To cover this deficit power had already been given to borrow £43,000,000, thus leaving a surplus for contingencies of over £6,000,000.

In less than five months the Chancellor of the Exchequer was compelled to ask Parliament for more money. Accordingly, on July,

27, a supplementary estimate of £11,500,000 was presented, of which £7,440,000 were for the South African War. To cover this and certain other supplementary grants, £13,000,000 were borrowed by an issue of Exchequer bonds. The second supplementary estimate of the year was presented on December 11, and included £13,500,000 for war charges, £1,000,000 for the "new Transvaal police," and £1,000,000 for repair of railways, etc., damaged in consequence of the war. After some quibbling over the sums properly chargeable to the war account, it was finally decided to include the whole £15,500,000 under war expenditure. To meet this additional charge, another £11,000,000 of Exchequer bonds had to be issued in March, 1901. A third supplementary estimate was issued on February 28, 1901, amounting to £3,000,000 and making the total granted during the year for the war in South Africa £63,737,000.

The summarized statement of receipts and expenditure for the year 1900-01 is as follows:

Financial Statement, 1900-01

Revenue:	
Customs.....	£26,262,000
Excise	33,100 000
Estate Duty.....	12,980,000
Stamps	7,825,000
Land and House Tax.....	2,475,000
Income Tax	26,920,000
Total Tax Revenue	£109,562,000
Total Non-Tax Revenue	20,823,000
Total Revenue.....	£130,385 000
Expenditure:	
Ordinary.....	£114 972,000
War in China.....	3,500,000
South African War.....	£63,737,000
Interest on War Debt ..	1,383,000
Total S. A. War	65,120,000
Total Expenditure	183,592,000
Deficit covered by borrowing.....	£53,207,000

The Budget for 1901-02 was presented on April 18, 1901, and contained an estimated deficit of £55,347,000 for the year. Sir Michael Hicks-Beach introduced his proposals for meeting this deficit by calling attention to the alarming growth of *ordinary*

expenditure and to the fact that practically all the additional taxation imposed *for war expenditure* a year ago would be required for ordinary expenditure during the coming year. Moreover, he admitted that the practical limit of productive taxation of beer, spirits, tea, and tobacco had been reached by his increased taxation of the past year, as was shown by the fact that, allowing for rushed clearances of dutiable goods just before the introduction of the Budget, practically all the sources of revenue had fallen short of his estimates. In view of these considerations he thought the time had come to put the financial system of the country on a broader basis. That he succeeded in doing this beyond a very limited extent will hardly be admitted. The following new or increased taxation was imposed:

1. An increase of *2d.* in the income tax, bringing it up to *1s. 2d.* in the pound and estimated to yield £3,800,000 during the year.

2. An import duty on sugar varying from *4s. 2d.* per hundred-weight for refined sugar, down to *2s.* per hundredweight for the lowest grade of raw sugar. The yield was estimated at £5,100,000.

3. An export duty on coal of *1s.* per ton estimated to yield £2,100,000. These taxes will be discussed in more detail later on. Certain exemptions made in the coal duty before its final passage reduced its estimated yield by £800,000.

The sinking fund was again suspended, amounting to £4,640,000.

The estimates for 1901-02, showing what sources of revenue were increased, may now be summarized as follows:

Estimates for 1901-02

REVENUE	Existing Basis.	New Basis.	Increase.
Customs.....	£23,600,000	£30,800,000	£7,200,000
Excise.....	33,100,000	33,100,000	
Estate Duty.....	14,000,000	14,000,000	
Stamps.....	8,000,000	8,000,000	
Land and House Tax.....	2,500,000	2,500,000	
Income Tax.....	30,000,000	33,800,000	3,800,000
Total Tax Revenue.....	£111,200,000	£122,200,000	£11,000,000
Total Non-Tax Revenue....	21,055,000	21,055,000	
Total Revenue.....	£132,255,000	£143,255,000	£11,000,000

Expenditure:

Ordinary.	£127,372,000
War in China.	2,160,000
South African War.	£56,070,000
Interest on War Debt.	3,125,000
<hr/>	
Total South African War.	59,195,000
<hr/>	
Total Expenditure.	£188,727,000
Deficit.	45,472,000
Deduct Sinking Fund suspended.	4,640,000
<hr/>	
Final Deficit.	£40,832,000

To cover this deficit and provide for contingencies, £60,000,000 were borrowed by an issue of consols.

The next vote for the cost of the war was the grant of £100,000 to Lord Roberts, in recognition of his services in South Africa, passed on July 31. This was followed, on August 6, by a civil service estimate containing £6,500,000 for a grant in aid for the Transvaal and Orange River Colony which was classed in the official accounts as expenditure to be charged to the cost of the war. Finally on January 31, 1902, a supplementary army estimate of £5,000,000, to defray additional expenses due to the war in South Africa, was voted. In all, therefore, £67,670,000 were voted during the year for the war.

The actual receipts and expenditure of the year 1901-02 may now be summarized as follows:

Financial Statement, 1901-02

Revenue:

Customs.	£30,993,000
Excise.	31,600,000
Estate Duty.	14,200,000
Stamps.	7,800,000
Land and House Tax.	2,500,000
Income Tax.	34,800,000
<hr/>	
Total Tax Revenue.	£121,893,000
Total Non-Tax Revenue.	21,105,000
<hr/>	
Total Revenue.	£142,998,000

Expenditure:

Ordinary	£122,325,000
War in China.....	2,160,000
South African War....	£67,670,000
Interest on War Debt..	3,367,000

Total S. A. War £71,037,000

Total Expenditure 105,522,000

Deficit covered by borrowing..... £52,524,000

In his Budget for 1902-03, which was presented on April 14, 1902, Sir Michael Hicks-Beach was again confronted with a large deficit. The army estimates issued some time previously had put the war charge for South Africa at £39,650,000. There was also a civil service estimate of £1,800,000 for South Africa. These estimates, however, were based on the assumption that the war would be over in eight or nine months, and they contained no provisions for transportation home, gratuities to the troops, and other charges incidental to the close of the war. Accordingly, in his Budget speech, the Chancellor of the Exchequer said that while present indications seemed to point to an early conclusion of the war, he did not feel justified in basing his estimates on this hope. He therefore added £17,000,000 to the army estimates to cover the expenditure for the remainder of the year, together with £750,000 for the South African constabulary and £750,000 for interest on the new debt to be created. This brought up the total for the war to £63,600,000, involving an estimated deficit on the existing basis of taxation of £45,324,000.

To cover this deficit in part the following proposals were made:

1. To increase the income tax by 1*d.*, bringing it up to 15*d.*. This was estimated to yield £2,000,000.

2. To raise the tax on bills at sight, including bank checks from 1*d.* to 2*d.*, estimated to yield £500,000. This proposal was withdrawn before the final passage of the finance bill.

3. To impose a registration duty on imported corn of 3*d.* per hundredweight and on flour and meal of 5*d.* per hundredweight, estimated to yield £2,650,000.

4. To suspend the sinking fund as before, amounting to about £4,640,000.

These proposals amounted together to £9,790,000 and reduced the deficit to £35,534,000. The estimates, on existing and proposed taxes, are summarized as follows:

Estimates for 1902-03

REVENUE.	Existing Basis.	Proposed Basis.	Increase.
Customs.....	£32,800,000	£35,450,000	£2,650,000
Excise	32,700,000	32,700,000	
Estate Duty	13,200,000	13,200,000	
Stamps.....	8,200,000	8,700,000	500,000 ¹
Land and House Tax	2,500,000	2,500,000	
Income Tax	36,600,000	38,600,000	2,000,000
Total Tax Revenue	£126,000,000	£131,150,000	£5,150,000
Total Non-Tax Revenue ...	21,785,000	21,785,000	
Total Revenue	£147,785,000	£152,935,000	£5,150,000.

Expenditure:

Ordinary.....	£120,159,000
War in China.....	350,000
South African War.....	£59,200,000
Interest on War Debt.....	4,400,000

Total South African War..... 63,600,000

Total Expenditure £193,109,000

Deficit	40,174,000
Deduct Sinking Fund suspended.....	4,640,000

Final Deficit..... £35,534,000

To meet this deficit in part an issue of £32,000,000 consols was made, the remainder being covered by the Exchequer balances.

For once the government estimates proved to be in excess of the needs, and the close of the war on May 31, 1902, necessitated a revision in the estimates for the year. The charge for the South African War was reduced by £17,000,000, leaving £42,200,000 to meet the expense of operations during April and May and the

¹ Withdrawn before the passage of the finance bill

various terminal charges, the latter being estimated at £28,000,000. The sinking fund, which had been suspended during the war, was renewed for the year 1902-03. These changes made the estimates for 1902-03 foot up as follows:

Revenue	£152,435,000
Expenditure:	
Ordinary	£120,400,000
War in China	350,000
South African War	£42,200,000
Interest on War Debt	4,400,000
Total S. A. War	46,600,000
Total Expenditure	176,359,000
Deficit	£23,924,000

This deficit was more than covered by the proceeds of the consols loan of April.

To complete the estimate of the war charges for 1902-03, we must add the grant of £50,000 voted to Lord Kitchener on June 5, making the total estimated cost of the South African War during 1902-03 £46,650,000.

The War Taxes

As has been shown, no radical changes in the revenue system were made in the year 1900-01. The legislation consisted merely in increasing the rates of existing taxes. The Chancellor was criticized for lack of financial resource in not accepting the opportunity then given him to rearrange the revenue system and to make certain needed improvements, notably in the beer license tax, the stamp duties, and in the grants in aid to local bodies. That lack of foresight was shown, seems to have been proved by the year's revenue. In the Budget, presented at the beginning of the next year, it was admitted that the limit of profitable taxation of beer, spirits, tea and tobacco had probably been reached. Moreover, the yield of the stamp duty had been discouraging, having fallen £725,000 below the estimate, on account of "prolongation of the war and the practical absence of business on the Stock Exchange." Practically the

only sources of revenue that had not fallen short of the estimates were the customs and the income tax, the exception in the case of the former being accounted for by the forestallment of customs and excise payments amounting to nearly three and a quarter millions of pounds which properly belonged to the revenue of the next year. The *Economist* also suggests that the income tax had been collected with unusual severity during March, so that there would doubtless be less in the way of arrears to be carried forward to the revenue of 1901-02. Evidently, then, the revenue system had not been improved by the legislation of the year. To quote from the *Economist*, of April 6, 1901: "When allowance is made for these exceptional causes of increase, it is pretty clear that the income proper of the past year, instead of exceeding the estimates, as a mere comparison of the aggregate figures would show, really fell short of it, and that, owing to the pressure of augmented taxation and of slackening trade, the spring has, temporarily at all events, been taken out of the revenue."

Another cause of criticism of the taxation of the year was the heavy burden placed upon the income taxpayers, that tax, as has already been shown, being called on for more than half of the increased taxation.

In the Budget for 1901-02, the increased rates of the year before on beer, spirits, tobacco and tea were retained, the income tax rate was raised *2d.*, and two new taxes were introduced, viz., an import duty on sugar and an export duty on coal. There used to be a tax on sugar but it was given up "some twenty-seven years ago because it was troublesome to collect and hampering to business."² No tax on coal of the kind proposed had been levied for fifty-five years. The sugar tax involved a good many technical complications, but these seem to have been met very well. The tax met with little opposition and has been a success financially. The yield was £6,410,000 during 1901-02, which exceeded the estimate by £1,310,000, the reason for this large excess being, as explained to Parliament by Sir Michael Hicks-Beach, "that there were large forestallments on sugar in December, January, and February, in anticipation, perhaps, of an increased duty."

On the other hand, the coal duty, as proposed, met with very serious opposition. Discussion and debate were carried on in Par-

²*Economist*, April 20, 1901.

liament and by the press for over two months, strikes were threatened by the coal workers, and the bill was not passed till the Chancellor of the Exchequer agreed to exempt from duty all coal exported up to December 31, under contracts entered into before the date of the Budget, and also to give a rebate of the duty on the cheapest coal (that proved to be worth less than 6s. per ton, free on board). These concessions, which reduced the estimated yield of the duty by £800,000 seemed to satisfy the trade and practically put an end to criticism. This duty has also been a financial success, and it has not produced the evil effects prophesied of it. The yield during 1901-02 was £1,305,000, slightly exceeding the estimate. So far from reducing exports of coal or seriously affecting the English coal trade, the exports during the year, amounting to 44,064,000 tons, exceeded those of any previous year except the record year of 1900-01.

The other parts of the customs and excise systems remained weak during the year, most of the duties showing a decrease from the estimates and from the receipts of the year before. The yield of the income tax was again very large, being £34,800,000, a full million pounds over the estimate.

No financial legislation during the war has aroused such widespread interest and discussion as the corn duty proposed in the Budget for 1902-03. It will be impossible within the limits of this paper to more than indicate the main lines of that discussion. The tax is attacked mainly on the following grounds: (1) It taxes the minimum of subsistence of the people; (2) by raising the price of home-grown, as well as imported grain, it will take more from the people than the treasury will receive, the balance going to the benefit of a favored class; (3) it opens the way for a possible future attack on England's free trade policy. Moreover, the duty may be used to give preferential tariffs in favor of the colonies and so aid in bringing about some form of Imperial customs union, and it is claimed on good authority that this is the government's real motive in imposing the tax.

The friends of the tax affirm that it is too small to place any appreciable burden on the poor or to lead to the cultivation of new tracts of land in England. All are eager to deny any protective tendencies in the duty or any ulterior motive behind it. No strong or united opposition developed against the tax either in the country

or in Parliament and it was passed with a few unimportant modifications.

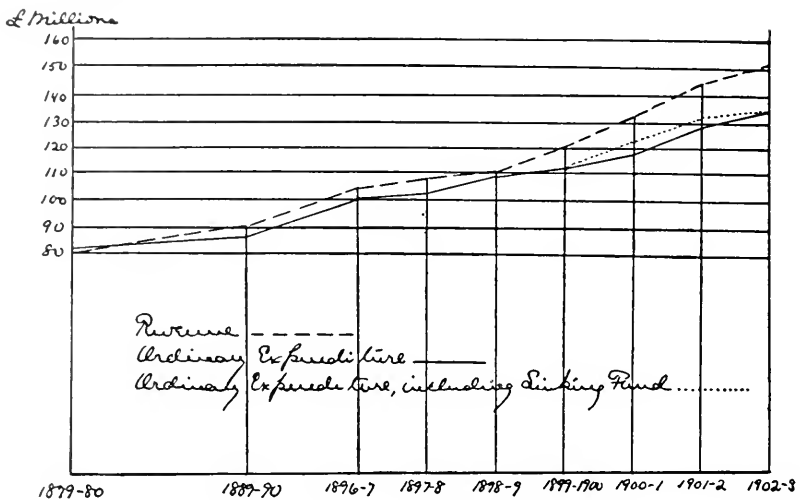
The income tax was again raised in 1902 by 1*d.*, and in this connection there was a renewal of the criticism which met the increase of this tax on each of the two preceding years. Those who criticize this increase do not deny the fact that the income tax is a proper source for extra revenue in time of war or other emergency; in fact, it is on this very ground that they base their complaint. During the Crimean War the rate rose to 1*s.* 4*d.*, 1*d.* higher than the present rate, but that was a temporary war rate and was speedily reduced when peace was restored. This use of the income tax to swell the revenue during times of temporary emergency is regarded as one of its main functions. But while the South African War has been going on, the *ordinary* expenditure of the government has been increasing at such a rate that the three successive additions to the income tax cannot be regarded as temporary measures but have become necessary to cover ordinary expenditure. This is shown by the following table which gives the ordinary expenditure, war charges, and revenue for a number of years. Interest on war debt is included in ordinary expenditure since it is not stopped by the close of the war. War charges include the war in China.

The Growth of Ordinary Expenditure

	Ordinary Expenditure.	War Charges.	Revenue.
1879-80	£82,185,000	.....	£79,344,000
1889-90	86,083,000	.....	89,304,000
1896-97	101,477,000	.....	103,950,000
1897-98	102,036,000	.....	106,614,000
1898-99	108,150,000	.....	108,366,000
1899-1900	110,723,000	£23,000,000	110,840,000
1900-01	116,355,000	67,237,000	130,385,000
1901-02	125,692,000	69,830,000	142,998,000
1902-03 ³	133,800,000	42,600,000	152,435,000

³Estimated.

The same facts are shown in the accompanying chart.



The above tables show the remarkable growth of ordinary expenditure and also bring out the fact that since the beginning of the war the ordinary expenditure of each year is not far behind the revenue of the preceding year. Even as it is, the table puts too favorable a light on the matter, for the ordinary expenditure has been kept down during the war by suspending the sinking fund, to the amount of over four and a half million pounds. This is really a part of the ordinary expenditure and it has been resumed since the war closed. Adding this sum (see chart) makes the ordinary expenditure of 1900-01 exceed the revenue of the year before, while the ordinary expenditure of 1901-02 almost exactly balances the revenue of the previous year. If the growth of ordinary expenditure goes on at the rate of the last three years (increasing about £8,000,000 annually), it will take only about two years to come to the point where all the existing sources of revenue will be required to meet ordinary expenditure. Thus the additional taxation laid each year ostensibly for war charges is being practically required to balance the ordinary expenditure of the year following, and hence the justice of the complaint against the heavy increase of the income tax.

The following detailed statement of the articles taxed and the

revenue obtained by the war taxes is taken from a Parliamentary paper which appeared on April 30, 1902:

Revenue from New Taxes Imposed for the War.

ARTICLE.	Additional Duty.	1900-01.	1901-02.	1902-03. ⁴	Total.
<i>I. Customs</i>					
Tea.....	2d. per lb.....	£2,091,000	£1,917,000	£2,150,000	£6,158,000
Tobacco.....	4d. per lb.....	1,411,000	1,185,000	1,333,000	3,929,000
Spirits.....	6d. per gal.....	217,000	214,000	219,000	650,000
Sugar.....	4s. 2d. per cwt.....		6,350,000	4,850,000	11,200,000
Coal.....	1s. per ton exp.....		1,305,000	2,100,000	3,405,000
Corn and Flour.....	3d. & 5d. per cwt.....			2,050,000	2,050,000
Total.....		£3,719,000	£10,971,000	£13,302,000	£27,992,000
<i>II. Inland Revenue</i>					
Beer.....	1s. per bbl.....	£1,778,000	£1,773,000	£1,800,000	£5,351,000
Spirits.....	6d. per gal.....	917,000	857,000	881,000	2,655,000
Income Tax.....	{ 4d. in 1900-1... 2d. more in '01-2 1d. more in '02-3 }	7,641,000	14,136,000	17,600,000	39,377,000
Glucose.....			60,000	90,000	150,000
Total.....		£10,336,000	£16,826,000	£20,371,000	£47,533,000
Grand Total.....		£14,055,000	£27,797,000	£33,673,000	£75,525,000

The Government Borrowing.

As already referred to incidentally, the borrowing for the South African War expenses has taken four forms, viz, treasury bills, Exchequer bonds, consols and the "National War Loan." The first borrowing took place in November, 1899, when £3,000,000 of treasury bills were issued. Before the close of that fiscal year £5,000,000 more were issued and another £5,000,000 were issued during 1900-01, making a total of £13,000,000 borrowed by this form of obligation. On March 31, 1899, that is before any borrowing had been done on account of the war, there were outstanding £8,133,000 of treasury bills. The war borrowing has brought this sum up to a little over £21,000,000. These bills are all issued for periods of three, six, nine, or twelve months and as they have generally been replaced by fresh issues as fast as they fell due the amount outstanding has been kept pretty nearly constant. On March 1, 1902, there were exactly £21,133,000 outstanding. This continued renewal has necessitated the placing of from one to three millions of treasury bills on the market nearly every month. The number of applicants and the

⁴ Estimated.

average discount rates have fluctuated considerably, depending mainly on the condition of the money market and the prevailing discount rates.

The first loan other than by treasury bills was made in March, 1900. It took the form of a "National War Loan" of stock bearing $2\frac{3}{4}$ per cent interest and redeemable at par in ten years, that is, on April 5, 1910. The issue price was fixed by the government at $98\frac{1}{2}$. The success of the loan was enormous, the total amount applied for being £335,000,000, or more than ten times the amount to be allotted, and the stock was immediately quoted at a premium on the Exchange. There was some criticism of the form of the loan and complaint that the government had not obtained better terms. At the time the issue was announced, consols were quoted at 101, and consequently $98\frac{1}{2}$ seemed a low price to be set on the new stock, especially as the interest rate on consols falls to $2\frac{1}{2}$ per cent in 1903, while the new stock will pay $2\frac{3}{4}$ per cent till redeemed in 1910. Undoubtedly the success of the loan shows that the government might have obtained better terms, but this could not have been foreseen, and there was great risk involved in putting the price too high. The aim of the government was to issue a popular loan on such terms that there would be a great demand to take it on the part of the British public, in order to show to the world that the government was well able to finance the war and had the confidence of the nation behind it. England, at this time, was being watched by Europe in no friendly spirit, and the loss of prestige resulting from a feeble response to the loan would have been serious. The reason that the loan took the form that it did, instead of being floated by an issue of consols, was mainly that the Chancellor of the Exchequer wanted to be able to pay it off at par at an early period, as he anticipated that consols would rise considerably above par again at the close of the war. The general opinion as to the wisdom and success of the loan was very favorable.

By the middle of the year it again became necessary to borrow money, and before the close of the fiscal year, 1900-01, three loans had been issued, all taking the form of Exchequer bonds, and amounting in all to £24,000,000. In August, 1900, £10,000,000 Exchequer bonds were issued, bearing interest at 3 per cent, repayable at par in three years (August 7, 1903). The issue price was fixed at 08. The attitude of the government with respect to this

loan is in marked contrast with its position in the case of the war loan issued in March. Then an appeal was made to the patriotism of the people in order to show to the world Great Britain's financial strength, and certainly no fault could have been found with the response. Now, however, the government does not dare depend on popular subscription alone for a loan of only £10,000,000, but before advertising for applications from the public has taken the precautionary measure of arranging with certain Anglo-American firms to place half the loan in the United States. In answer to a question in Parliament, the Chancellor of the Exchequer explained this action thus: "Before settling what the issue should be, I had endeavored to ascertain by the usual confidential inquiries whether the terms I felt justified in giving would be likely to attract subscribers here. I received such very moderate encouragement that I accepted an offer made to me by leading Anglo-American houses in London to place half the issue in the United States on the terms I had decided to offer it here." The lists of applications were closed on the same day on which they were opened, as soon as the necessary amount had been applied for. The Chancellor of the Exchequer met with considerable criticism for his lack of confidence and for other circumstances connected with the loan.

A second issue of Exchequer bonds was made in November, 1900. The amount was £3,000,000 bearing interest at 3 per cent and redeemable in five years (December 7, 1905). The price was not fixed in advance by the government, but the bonds were allotted to the highest bidder in the same way as an issue of treasury bills. The average price realized was £98 2s. 10d., being thus more favorable to the government than the price fixed for the issue in August. The applications amounted to £6,263,500. The third issue of Exchequer bonds took place in February, 1901: £11,000,000 were issued, bearing interest at 3 per cent and repayable at par in five years (December 7, 1905), thus ranking exactly the same as the last issue. The amount applied for was £25,390,700 and the average price obtained was £97 5s. 4d., a considerable drop since the last issue, less than three months before.

Thus far the borrowing had all been by means of additions to the unfunded debt. But when in April, 1901, it became necessary to provide for an estimated deficit of over £40,000,000 it was recognized that to obtain so large a sum by any form of temporary bor-

rowing was not wise. Consequently, the £60,000,000 which were needed, were obtained by an issue of consols. The stock was to rank the same as the existing consols which bear interest at $2\frac{3}{4}$ per cent till 1903 and then at $2\frac{1}{2}$ per cent till 1923, after which they may be redeemed as Parliament shall direct. Before advertising for subscriptions, half of the loan was allotted to banking houses as follows: £11,000,000 to N. M. Rothschild & Sons, £10,000,000 to J. S. Morgan & Co., and £9,000,000 to the Bank of England. The remaining £30,000,000 were offered for public subscription at the price of $94\frac{1}{2}$. Payments were to be made in monthly installments, the last payment being on December 5, 1901. As before there was some criticism of the private placing of half the loan, but on the whole, the Chancellor of the Exchequer is thought to have acted wisely in taking this precaution. The popular subscription was very successful, the £30,000,000 being subscribed for six or seven times over.

No further borrowing was necessary till the beginning of the next fiscal year. On April 16, 1902, public subscriptions were invited for £16,000,000 of consols, being half of an issue of £32,000,000 authorized by Parliament. The other £16,000,000 were placed in advance with American and British banking houses. As before, the consols were to rank with the existing $2\frac{3}{4}$ per cent stock, dropping to $2\frac{1}{2}$ per cent in 1903 and redeemable at par in 1923. Payment was to be made in monthly installments, the last installment being due on October 9, 1902. The price fixed was $93\frac{1}{2}$. There was a tremendous rush to obtain the stock and the loan was largely oversubscribed. The stock was immediately quoted at a premium.

The war borrowing is summarized in the following table:

Summary of Government War Loans

	1890-1900.	1900-01.	1901-02.	1902-03.	Total.
Treasury Bills	£8,000,000	£5,000,000	.....	.....	£13,000,000
National War Loan .....	.....	30,000,000	.....	.....	30,000,000
Exchequer Bonds .....	.....	24,000,000	.....	.....	24,000,000
Consols .....	.....	.....	£60,000,000	£32,000,000	92,000,000
Total	£8,000,000	£59,000,000	£60,000,000	£32,000,000	£159,000,000

The main details of the war loans, other than by means of treasury bills, are given in the following table:

Details of the War Loans (Except Treasury Bills)

DATE OF ISSUE.	Form of Loan.	Am't Issued.	Price.	Net Proceeds.	Time.	Rate.
1900. Mar.	Nat'l War Loan.	£30,000,000	98½	£29,510,000	10 years	2½%
1900. Aug.	Exchequer Bonds	10,000,000	98	9,700,000	3 years	3%
1900. Nov.	Exchequer Bonds	3,000,000	98 25. 10d.	2,944,000	5 years	3%
1901. Feb.	Exchequer Bonds	11,000,000	97 55. 4d.	10,689,000	5 years	3%
1901. Apr.	Consols	60,000,000	94½	50,553,000	to 1923	2½% and 2½%
1902. Apr.	Consols	32,000,000	93½	29,920,000	to 1923	2½% and 2½%
Total		£146,000,000		£139,415,000		

As was to be expected the heavy borrowing of the British Government during the past three years has caused a considerable decline in consols and other government securities. It must not be concluded from this, however, that the credit of the government has been impaired. There is nowhere the slightest evidence that Englishmen have had their confidence in the national credit shaken. There has been plenty of feeling against the war, growing impatience at the inefficiency and mismanagement of the authorities, but nowhere any uncertainty as to the ultimate ability of the nation to conquer its enemies and pay its debts. We will attempt to point out briefly some of the main forces which have brought about the recent decline in consols. To show the movement during the past six years the following table is given:

Prices of Consols at Selected Dates

End of July, 1896	113½	End of October, 1899	104¼
End of July, 1898	111¼	End of November, 1899	102½
End of February, 1899	111¼	End of July, 1900	93
End of March, 1899	110½	End of January, 1901	96¾
End of May, 1899	109½	End of July, 1901	93
End of June, 1899	107½	End of November, 1901	91½
End of July, 1899	106½	End of January, 1902	93½
End of August, 1899	105½	End of March, 1902	94½
End of September, 1899	104¾	End of June, 1902	96

In the first place it will be seen that the decline in consols had been going on for some time before the war was thought of. The

first date taken for comparison is July, 1896, which was the culmination of a long period of shaken confidence due to the Baring collapse in 1890. For several years conservative investors had refused to put funds into any but the most absolutely secure stocks, with the result that the prices of such stocks were unnaturally inflated. Therefore the high price of consols in 1896 was due to exceptional causes and it is only natural that as confidence in other investments was gradually restored, the price of consols should fall to a more normal level. This reaction was helped by the great business activity of 1898 and 1899 which offered large opportunities for investment at high rates of interest, leaving less demand for securities bearing a low rate, such as consols. This will account, in part, for the accelerated decline in the first half of 1899.

Another cause, wholly independent of the war, is the approach of the time when the interest rate of consols drops automatically from $2\frac{3}{4}$ per cent to $2\frac{1}{2}$ per cent. This takes place in 1903, and as that date approaches consols naturally lose some of their value as profit-yielding investments. Again, in April, 1899, the sinking fund devoted to the redemption of the national debt was arbitrarily reduced by £2,000,000 which were applied to current expenses. This sum would otherwise have been expended, wholly or in part, in the purchase of consols by the government and its diversion to current expenses reduced the demand for consols by just so much.

Thus far the forces tending to lower the price of consols which have been pointed out have had no connection with the war. The war itself has exerted an influence in several ways. In the first place, the large surplus revenue of the year 1899-1900, which would ordinarily have been spent by the government in the purchase of its own securities, was devoted to military expenditure, thus reducing the demand for consols and consequently their price. In a direct way the war has affected the market for consols by the additional government borrowing which it has necessitated. In all, the government has borrowed £159,000,000 for war expenses and these loans have had an important influence on the demand for capital during the past three years. Of this sum, £92,000,000 have been in the form of consols and of course have had the most direct influence on their price. But the part borrowed by other means has not been without influence in decreasing the supply of available capital and so making it necessary for the government to

give better terms. But the market does not wait for a loan to be actually made. The probable bearing of any military movement on the financial position of the government is at once discounted and its effects seen in the stock quotations. Throughout the war there has been a pretty constant tendency for the prices of consols to rise or fall according as the news from the field was favorable or unfavorable to the British arms. A reverse meant more fighting, delayed the close of the war, and made probable more government borrowing to pay the bills. A victory had the opposite effect, decreasing the probable need of the government for further borrowing.

The action of the law of supply and demand on the prices of government securities is seen in the quotations of consols at the time of the issue of the war loan in 1900 and also at the issue of the supplementary war loan in February, 1901. In both cases, as it became evident that the government would have to borrow considerable sums, and before it was known what form that borrowing would take, consols declined, but they rose quite sharply as soon as it was learned that the loan would take some other form than consols. This is shown still more plainly at the time of the issue of £60,000,000 of consols in April, 1901. As in the other two cases, consols declined steadily for some time before the loan was made, and the announcement that this time the loan was to take the form of consols caused a still further drop. At the same time other government stocks were gaining, local loans advancing a full point during April and war loan stock making a slightly smaller advance. This indicates that the fall in consols was caused by the expected increase in their amount and not by the fear that the government credit was being weakened. Finally, the eagerness with which all the government loans have been subscribed for, even by foreigners, shows that they have always been considered a thoroughly safe investment. Since the close of the war, consols have risen several points but it is not at all likely that they will again reach the high figure at which they were quoted in 1896.

General Summary of Cost of War and Provisions to Meet It

Up to this point the figures given have been those of the official accounts and estimates. But in order to obtain a statement of the

total cost of the war we must add one item which the official accounts omit. This is the expense of issuing loans, including discounts. In the case of treasury bills this is accurately shown as the bills appear on the accounts at their face value while the discounts appear as interest charges on the expenditure side. In the case of all other loans, however, only the net proceeds appear on the accounts, although all were issued at a discount and their full par value must be eventually paid by the government. Therefore to the cost of the war for each year, as already given, must be added the difference between the par value and net proceeds of the loans, (other than by treasury bills), made in that year. This includes discounts in the issue price, cash discounts for anticipatory payments of installments, and miscellaneous expenses of floating the loans. The discounts on the various loans are shown below:

	Par Value.	Net Proceeds.	Discount
War Loan Stock (1900)	£30,000,000	£29,519,000	£481,000
Exchequer Bonds (1900 and 1901)	24,000,000	23,423,000	577,000
Consols (1901)	60,000,000	56,553,000	3,447,000
Consols (1902)	32,000,000	29,920,000	2,080,000
Total	£146,000,000	£139,415,000	£6,585,000

In the following table the total cost of the war for each year is made up of the three items, supply services, interest on war debt, and discounts on loans. It does not pretend to take account of any charges that may run on after the present fiscal year, such as interest on the war debt, which of course will continue till that debt is redeemed. The cost for 1902-03 is estimated, the figures being those of the official estimate issued in June after the close of the war, with the addition of the £50,000 granted to Lord Kitchener later in June.

The Cost of the War

YEAR.	Supply Services.	Interest.	Discounts.	Total.
1899-1900	£23,000,000	£217,000		£23,217,000
1900-01	63,737,000	1,383,000	£1,058,000	66,178,000
1901-02	67,670,000	3,367,000	3,447,000	74,484,000
1902-03	42,250,000	4,400,000	2,080,000	48,730,000
Four Years	£106,657,000	£9,367,000	£6,585,000	£122,609,000 ⁵

The average cost per year was £53,152,000.

The necessary funds to pay for the war have been secured from three sources, viz: by suspending the sinking fund, by taxation, and by borrowing. The amount under each head is obtained thus: the surplus of revenue over *ordinary* expenditure for each year is considered as made up of two parts: (1) the suspended sinking fund, the exact amount of which is known, and (2) the tax revenue devoted to the war charge of the year; the balance of the war charge must necessarily have been met by borrowing. As we are concerned only with the South African War, the charge for the war in China is considered *ordinary* expenditure in this connection. The following statement shows how the war expenditure has been met:

Provisions to Meet the Cost of the War

YEAR.	Suspended Sinking Fund.	Taxation.	Borrowing.	Total.
1899-1900		£9,334,000	£13,883,000	£23,217,000
1900-01	£4,547,000	7,366,000	54,265,000	66,178,000
1901-02	4,681,000	13,832,000	55,071,000	74,484,000
1902-03		22,676,000	26,054,000	48,730,000
Four Years	£9,228,000	£53,208,000	£150,173,000	£212,609,000

For purposes of comparison it will be of interest to divide the provisions to cover the war expenditure into two parts by combining

⁵If to this be added the "extraordinary" increase in "ordinary" expenditure, about £28,143,000 directly traceable to the war, and the amount which it will cost before the government is again reduced to a peace footing, a conservative estimate of which is £25,000,000, the total cost of the war will be no less than £265,000,000, besides increased future interest charges, pensions, etc.—[EDITOR.]

the first two columns of the above table under the single head of taxation as follows:

YEAR.	Taxation.	Borrowing.	Total.
1800-1000	£0,334,000—40%	£13,883,000—60%	£23,217,000
1900-01	11,913,000—18%	54,265,000—82%	66,178,000
1901-02	18,513,000—25%	55,071,000—75%	74,484,000
1902-03	22,676,000—47%	26,054,000—53%	48,730,000
Four Years	£62,436,000—20%	£150,173,000—71%	£212,609,000

It may be of interest to compare the above figures with the corresponding figures for other wars of Great Britain. The following table⁶ shows the total cost, the parts met by taxation and borrowing respectively, and the average annual cost of all the principal wars in which England has been engaged since 1688. The method used in this table to compute the war cost is slightly different from the one used in the case of the South African War, but this will nowhere make a difference of more than 1 per cent and so will not affect the value of a comparison.

If we consider total expenditure, the South African War is the most expensive war that England has ever waged, with the single exception of the twenty-three years' war with France (1793-1815), the gross cost of which was nearly four times that of the South African War. The present war, however, will have cost over twice as much as the war with the American Colonies, two and a half times as much as the Seven Years' War, more than three times the cost of the Crimean War, and from four to fifty times that of any of the other wars. Taking the duration of the wars into consideration, the South African War is by far the most costly war that Great Britain has ever been engaged in. The average annual cost of the present war is over £53,000,000. The war with France (1793-1815) cost £36,150,000 per year, or about 68 per cent of the annual cost of the South African War; the Crimean War cost about £35,000,000, or 65 per cent; the Seven Years' War and the War with the American Colonies cost each less than 20 per cent; and no other war has come up to one-tenth of the average annual cost of the South African War.

⁶ Parliamentary Papers, 1868-69, Vol. XXXV, Part II, p. 799.

Summary of Cost of British Wars, 1688-1856.

Name of War.	Duration.	Total Cost.	Taxation.	Borrowing.	Average Cost per Year.
1. War in Ireland and with France (1688-1692)	4 YEARS.	£12,604,000	£10,000,000 at 4½%	£16,854,000 at 5½%	£4,163,500
2. War of Spanish Succession (1702-1713)	11 YEARS.	50,685,000	10,250,000 at 4½%	50,400,000 at 58½%	4,574,000
3. War with Spain (1726-1728)	2 YEARS.	4,547,000	3,500,000 at 3½%	6,000,000 at 7½%	4,470,000
4. War with Spain and France (1739-1748)	10 YEARS.	41,655,000	14,000,000 at 4½%	50,750,000 at 68½%	4,406,000
5. Dutch (Seven Years' War) (1756-1763)	8 YEARS.	37,634,000	22,000,000 at 5½%	60,000,000 at 7½%	49,308,000
6. War with American Colonies (1776-1783)	7 YEARS.	97,500,000	40,000,000 at 4½%	94,000,000 at 47½%	91,760,000
7. War with France (1793-1802)	9 YEARS.	84,400,000	30,400,000 at 4½%	44,500,000 at 5½%	46,450,000
8. War with Russia (1804-55, 1855-56)	2 YEARS.	60,750,000	50,500,000 at 4½%	80,000,000 at 8½%	44,600,000
9. <i>South African War</i> (1899-1902)	4 YEARS.	212,600,000	60,400,000 at 5½%	180,000,000 at 7½%	54,000,000

[A.S.]

As regards the proportion of cost met by taxation and borrowing respectively, the comparison is not quite so striking. Up to 1793, with the single exception of the four years' war with Spain (1718-1721), there is observed a growing tendency to place more of the burden of war expenditure on borrowing and less on taxation. Practically the whole of the expenditure of the war with the American Colonies was met by loans. When we come to the twenty-three years' war with France (1793-1815), however, we find nearly half of the cost met by taxation, and in the Crimean War 43 per cent of the expenditure was provided out of revenue. In comparison with the last two wars, the only important ones within the last one hundred years, the financing of the present war shows a rather small reliance on taxation. In fact, since 1688 only two wars, the Seven Years' War (1756-1763) and the war with the American Colonies (1776-1785) have had so small a part of their cost met out of revenue.

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THE WORK OF THE PROMOTER

Every week of the year deposits of minerals are discovered, franchises are obtained, patents are granted. Railway extensions are constantly bringing land, timber and coal into the market—increasing population offers a basis for water, light and transportation plants. New inventions stimulate new wants and these wants in their turn produce new means of satisfaction. The field for investment, either in new enterprises, or in the extension and diversification of established industries is infinitely various. To take but one field, the production of power, we find a vast range of opportunity for profitable investment. We have first of all the mechanical draft and the mechanical stoke, the use of superheated steam to reduce condensation, the inside firing boiler to prevent radiation through the fire-box, the steam turbine to utilize the direct pressure of steam, and the various devices which purify the water before it goes into the boiler, and to cleanse it for future use by condensing the exhaust steam. In other divisions of the field of power we have the development of electrical power transmission, which is bringing into the field of investment a large number of water powers which until recently were worthless and wasted, and we have the general introduction of the gas engine which promises not only to solve the question of the small power plant, but to double the efficiency of coal by using it in two forms, coke and gas. In other fields similar opportunities are multiplying. Improvements long since discovered are forcing themselves into general notice. New improvements are attracting instant attention. Never before in the world's industrial history has man increased his conquest over nature at such a rapid rate and simultaneously in so many fields.

These opportunities for production of wealth are opportunities for the investment of money, since the investment of money is in the vast majority of cases, either directly or indirectly the production of wealth. The investor buys \$50,000 of railway bonds. With the proceeds the railroad replaces a wooden trestle with a steel bridge. Over this bridge it can run a heavier train load which it obtains by the lower rate, which the decrease in operating cost resulting from that heavier train load makes possible. The lower

rate enables the farmer to turn a part of his grazing land into wheat, and so eventually and indirectly the \$50,000 which was invested in the railway bonds has increased the supply of wheat on the world's market. This increased production of wealth, therefore, was made possible by the purchase of the bonds which the investor bought, because of its increased earnings the railroad could pay him 4 per cent. Without the investment of money increased production would be impossible. Upon the investor rests the responsibility of increasing the wealth of the world. As he directs his funds, this way or that, to railroads, cotton mills, irrigation or ship-building, the productive energy of society is exerted in this or that field of enterprise.

Two Classes of Investors

This office of investment is variously performed. Men may invest or capitalize their own savings. The farmer devotes \$1,000, half the proceeds of his last wheat crop, to the purchase of nitrate fertilizer. The New England cotton manufacturer invests his surplus earnings in a South Carolina mill where cheap power, labor and material invite development. The Bessemer steel maker adds an open hearth furnace to his equipment and takes advantage of a large supply of scrap iron. The Pennsylvania coal operator or lumberman buys the cheap coal and timber land of the South. Every producer is continually devoting his surplus funds to enlarge his enterprise along lines with which he is familiar as the opportunity presents for greater profits or as competition forces. He may occasionally branch out into other fields, as when the farmers of a locality erect a flour mill or saw mill or open a stone quarry, or where the carriage-maker goes into the manufacture of automobiles, or a railroad may spend a portion of its surplus in purchasing a coal property along its line. In these investments, producers extend their business out of their profits and with their own funds. More new wealth is produced by this form of investment than by any other. Every industry is constantly growing from within, as the biologists would say, by intuseption, out of the profits of the past, the individual producers are making innumerable ventures of their money into untried fields in enterprises where they alone stand to win or to lose, and where they act from personal knowledge of the opportunity.

A second class of investors there is, which may include the members of the first class, but who are actuated by different motives and who act in a different way. These are also in possession of surplus funds from the employment of which they wish to obtain a profit and they are ready to buy the stock of any corporation which gives them an assurance of satisfactory return. They are in the market for any securities which they consider to be a safe and profitable investment. The members of this class are not, as a rule, in close touch with the industries whose securities they buy. A leather merchant invests in steel, a banker in railroads, a retail dealer in mining stock, not usually because he desires to identify himself with the business in which he invests, so far as to give it his close personal attention and to assist in its management, but solely that he may share in its profits. Included in this class are all investment institutions and managers of trust funds, who take no active part whatever in the numerous enterprises whose securities they hold. The importance of this vicarious interest in industry is steadily increasing, as production is carried on on a larger scale, and as it therefore becomes increasingly difficult for a few men to combine a sufficient amount of capital for the inauguration of a new enterprise, or the development of an enterprise already established. Twenty years ago timber was readily accessible and a few thousand dollars would build a saw mill. A half dozen farmers, by combining their savings, could start in the lumber business. To-day, a well-equipped saw mill may cost \$100,000 and added to this must be the expense of perhaps twenty miles of railroad to reach the timber. The assistance of outside capital is becoming every year more essential to the development of any industry or the exploitation of any resource.

The Technical Aspects of Promotion

The proprietors of this outside capital, as we just now observed, know little or nothing about the technical aspects of the industries into which they put their money. They are acquainted with these industries merely as sources of profit. If they can be given satisfactory assurances that profits will be forthcoming from a proposed development, they are willing to invest money to that end. They will not, however, devote themselves to searching out and preparing the propositions into which, when once discovered and prepared, they

are willing to put their money. This attitude of mind of the general investor necessitates the promoter. The promoter, then, is the man who discovers and "assembles" the proposition for the investor, who then, if satisfied with the prospect of profit, provides the fund for its development. The promoter may be, and not infrequently is himself engaged in the industry which he proposes to extend or to develop in some other locality. In this case, his proposals are more favorably regarded by the investor who justly considers that the promoter is well qualified to judge of the merits of the proposition. Mr. John W. Gates, who was associated almost from the beginning with the wire industry of the United States, was a promoter of this class. In projecting the Federal Steel Company and the American Steel and Wire Company, he spoke with the voice of authority. On the other hand, and this is more often the case, the promoter may not be particularly conversant with the practical and technical affairs of the industry. The limitations of practical knowledge may be illustrated by those promoters who make a specialty of certain lines of industry, for example, street railways. A successful street railway promoter will usually have a very keen and trained judgment regarding street railway statistics. He will know the exact percentage which operating expenses ought to bear to total income under given conditions, and of the cost per mile for running cars, and he will be able to analyze with intelligence the statistics of operation and construction, but beyond this he would be unlikely to have any practical knowledge, relying upon the judgment and estimates of reputable engineers to supplement his more general information. Judge William H. Moore, for example, who has within recent years promoted several large steel corporations, is understood to have had but little practical knowledge of the steel industry. The professional promoter, and it is with him that this study is chiefly concerned, in forming his judgment, relies largely upon the trained judgment of experts, civil, mining, mechanical or electrical engineers, lumber viewers, chemists, geologists, metallurgists, machinists. These experts, whose income depends upon their accuracy, give him the necessary technical information about the proposition which he has in mind. They tell him if the coal seam is regular or faulted, if the proposed operation will be self-draining or if pumping machinery must be installed, if the coal is high or low in sulphur and silicon, whether it will make a strong or a weak coke,

or if designed for steam purposes, whether it will be high or low in ash. The professional promoter in the course of his business, and from his association with technical experts, must necessarily accumulate a great store of information, and his ability to make a technical judgment should constantly increase, but if he is in the promoting business, it is next to impossible that he should master all the sciences whose conclusions are put at his service by the experts whom he employs, and whose opinions he relies upon as an aid to convincing the investor.

Financial Aspect of Promotion

Given the technical information, there remains the field where the promoter must rely more largely upon his own ability, the financial aspect of the proposition. Will it pay? In the case of a coal mining proposition, he must determine the price per acre at which the land can be purchased, the rates of freight which will be charged and the price which can be obtained at the different markets. He must consider the labor conditions of the region, the laws of the state regulating the company store, the attitude of the railroads toward an independent enterprise. To spend but a moment upon this last point as illustrating the supreme importance of the promoter's judgment—if his property is located on competing lines, he can look for substantial concessions in rates, but on the other hand, he knows that these favorable rates may flood the markets with low-priced coal in which there is small profit. If he has the facilities of a single line, he must consider whether either the company or its officials are interested in coal properties whose product will compete with his own, in which event in a slack market, his car supply may be suddenly abbreviated. He may also take into account the holdings in this road by another coal road in its bearing upon differentials. All these and a number of other points, the promoter will take into account in forming his judgment as to the probable success of his enterprise; he will be the more careful if he has a record of successful enterprises to strengthen his appeal to the investor.

The Methods of the Promoter

Having formed a favorable judgment, having "discovered" the proposition, the promoter now proceeds to "assemble" it. To this

end, he must either purchase or secure the right to purchase within a fixed time and at a fixed price the property or privilege which he has determined to exploit, whether mine, patent, timberland or franchise. As a general rule, the method of option is the one usually followed as involving a smaller outlay of cash by the promoter, and implying a smaller loss in case his flotation should be unsuccessful. To continue our illustration: The promoter wishes to purchase 5,000 acres of coal land owned by perhaps fifty farmers. He goes into the district usually armed with a certificate of reputation in the form of a local celebrity at \$2.50 per day and expenses paid, and visits these farmers at their homes. He presents his purpose to them, assures them that he will be able to raise the money to develop his proposition, and asks them, for the sake of their mutual interest, and for a nominal consideration in hand paid, to sell him an option to purchase their property at any time within six months, at a price of say, \$20 per acre. Various arguments may be employed to influence a general assent to this proposition. The landowners may be shown that the value of the surface soil which will remain in their possession after the transfer of the coal, will be increased by the demands which a coal mining community will make for the produce of their farms. They may be offered the advantage of a railway which the opening of coal mines will bring. The hopelessness of developing their own property may be pointed out to them, and as a last resort the promoter may threaten to "sew them up" by refusing to transport their coal over his roads. By employing these or similar arguments, the promoter persuades the farmers to option or "lease" their land. As far as possible he keeps each owner in ignorance of the terms offered to his neighbors; a general diffusion of such information would cause a general raising of prices. In dealing with the well-to-do and intelligent farmers, he must often pay a high price for the option; the price named in the instrument is also high. The promoter submits to these onerous terms not merely because he wants the land of these hard bargainers who know just how indispensable their coal is to him, but also because he desires to use their names and influence with other owners. These higher prices are recovered in dealing with the more ignorant land owners who are greatly impressed with the representations of the promoter, and also by the fact that their richer neighbors have joined the scheme. It may

even be necessary for the promoter to employ a little coercion in the way of an alliance with the general-store keeper who may hold chattel mortgages and judgment notes against the recalcitrant, powerful arguments when skillfully employed. The promoter has now "assembled" his proposition. The owners have obligated themselves to sell to him at a price until the expiration of six months. He knows exactly how much the land will cost him and he has the land under his control. The next thing is to "float" it, that is to say, to raise the money necessary to develop it. To this end, the promoter forms a corporation whose capitalization, if he is a conservative man, will be based on the probable earning power of the property, say \$100 per acre or \$500,000 of stock. This stock, to reserve the special details of the flotation to the discussion of the trust, he succeeds in placing at fifty cents on the dollar before the six months of his option have expired, either with investors who wish to hold the stock, or with bankers and financiers who expect to sell at an advance. The investor and the banker purchase the stock because they have confidence in the promoter's judgment, and are therefore influenced by his representations that the proposed undertaking will prove profitable. They may take the trouble to examine the expert reports on the property and will probably visit it under the guidance of experts. Their inquiries, however, are necessarily superficial, and they buy the stock either on the representation of the promoter or of some friend or banking associate in whose judgment they have confidence and who may have gone into the scheme on his own account.

Out of the \$250,000 which he realizes by the sale of stock, the promoter pays \$100,000 for the land, \$75,000 for development and working capital, and either puts the \$75,000 remaining into his own pocket or divides it with the financial interests who have assisted him by advances. The foregoing represents a typical promotion. Similar enterprises are constantly being floated throughout the country, not only on mines, but on real estate, manufacturing enterprises, on patents, water power, irrigation, timber and a great variety of resources. The details of each may vary from the form presented, but the essential principles are the same: (1) the securing of a right to purchase an opportunity to make money; (2) the capitalization of that opportunity at a higher figure than the price to be paid the original owner plus the funds required for development;

and (3) the sale of this capitalization to the investor either directly or through the agency of middlemen for a sum of money exceeding the amount necessary to purchase and develop the resource which it is intended to exploit. This difference represents the promoter's profit, the characteristic feature of corporation financiering.

The Profits of Promotion

What now has the promoter done to entitle him to this large profit? He has produced no coal; that is done by the company to which he turns over his options. Neither has he risked an amount of money in any way comparable to the profit which he has made. To obtain fifty options under the circumstances described may not have required an outlay of more than \$5,000, and this is an outside figure. Judged by the canons of what is generally considered to be legitimate money making, the promoter has done nothing to entitle him to the \$75,000 profit which, out of a flotation of this size, he frequently takes. And yet the profits of the promoter are as legitimate as are the profits of any of the more familiar professions. The promoter is a creator of value. He brings into existence a means of producing wealth which did not before exist. By combining the control of a number of separate pieces of coal property into a fully equipped coal mining enterprise, he is able to offer to the investor an opportunity to earn say 12 per cent on his money: in other words, to sell to the investor \$500,000 worth of stock which can be depended on to pay dividends of 6 per cent, for \$250,000. Without this combination, in the hands of individual owners, without transportation facilities, and without modern equipment, the value of this coal, based on its earning power from the small openings which produce for the local trade, did not exceed \$20 per acre. Combined under one ownership, connected with a trunk line railroad, and equipped for large operations, a value of \$100 per acre is not excessive. This increase in value of \$80 per acre is the result of the investment of \$35 per acre—\$20 in the purchase of the coal and \$15 in its development. In order to obtain the money necessary to purchase and develop his proposition, the promoter has been obliged to sell the opportunity which he controls at one-half its real value, *i. e.*, at \$50 per acre. Deducting the \$35 which must be spent to put the coal on the market, there remains \$15 per acre, or in all, \$75,000 as the promoter's profit, a profit differing in no essential

feature from the gains of the manufacturer who contracts ahead for his pig iron and takes advantage of a rise in the nail or wire market.

The Service of the Promoter

But it may be objected, why should the promoter be allowed to make this large profit? Why should it not be divided between the farmer who owns the land and the investor who furnishes the money? What is the justification for the promoter's profit? The answer to these questions lies in the nature of the transaction. The promoter is entitled to his profit because he has optioned coal at the value which its owners placed upon it, and has sold his rights to another set of persons who place upon these rights a much higher value. The farmers, except in exceptional instances, could not even organize their own proposition, much less finance it. Mutual jealousies, local feuds, and overmuch mutual information about the character and financial standing of local individuals who might undertake this work would interfere with any general agreement. It would be found, for example, next to impossible to agree upon the proper price for different pieces of coal. Farmer A, whose land lies near the creek would insist upon a higher value for his property than Farmer B, whose coal is less accessible, while B, on his part, might cite, as a reason for disputing the justice of A's claim, the fact that his coal had been opened in several places while nobody knew that A had any coal on his property. Farmer C, who owned land across the right of way of the proposed railroad, and who, therefore, considered his co-operation indispensable, might insist upon a price of \$150 per acre, which would probably disgruntle his less favored and jealous neighbors and so defeat the scheme. The Brown family might refuse to go into any agreement with the Jones family, with whom, one of the chiefs of the Brown clan has had a law suit of some years' standing. Any one of a number of similar causes which might be cited would be sufficient to prevent the concentration of control of these separate properties, which are of small value unless combined. Some one interest acting exclusively for its own advantage and dealing independently with each owner, is essential to the assembling of such a proposition. This interest may be local, and, as already noted, by means of local alliances, the task of the promoter is made easier, but in most cases, the successful coal promoter is the outsider who can pose as the man of wealth and con-

nection, and who can reap his harvest of options during the pleasant weather of a first impression. It is the general experience of promoters that an outsider of imposing personality, pleasing address and experience in handling men, has usually much greater success in securing options than even a local squire or other celebrity whose standing in the community is of the best, but who is too well known to be allowed by his neighbors to make any money out of their property.

Even if the farmers succeeded in getting their proposition together in the control of a selected committee or individual, they would have great difficulty in securing a financial connection. They would have to provide for expert reports on the property, and then to open negotiations with some financial interest with whom none of their members would probably be personally acquainted. After securing an introduction, they would present their proposition, probably in a lame and halting manner, which would not show that they possessed a comprehensive knowledge of the importance of the property in question to the general coal market. If the banker to whom they would naturally apply for funds, since they would have no connection with the investing public, was sufficiently interested to examine the proposition and to determine its value, he might take one of two ways to further his own advantage. He could either prolong the negotiations until the local contingent lost heart and withdrew, trusting to his own ability to obtain the options for himself, or he could compel the representatives of the owners co-operating to accept a price not greatly exceeding the face of their options, in which event, the financier would be the promoter one stage removed, and acting by deputy. It is evident, therefore, that the promoter's profits on such propositions cannot be saved for the original owners of the coal. It is the same with any other proposition. The proprietor of undeveloped opportunity is seldom in position to bargain to advantage for its sale. His best course is to put his property in the control of some promoter at a fixed price and for a definite time, contenting himself with effecting a sale not at a price which he thinks the property is worth, but the price which will represent a fair return on his investment of brains or money. Any attempt on his part to promote his own scheme will probably end in failure. The failure of inventors to make more out of the sale of their patents is probably due more than to any other cause, to the fact

that they insist upon an excessive interest for themselves and are unwilling to offer sufficient inducements to those who might otherwise be disposed to promote their schemes.

As for the investor participating in the promoter's profits, this, in the nature of the case, is impossible. The investor is looking for a security which will produce as large an income as is consistent with the safety of his principal. As shown above, he is not likely to concern himself with the active management of those industries into which he puts his money. How much less likely is he therefore, to abandon his regular business or profession to roam about the country in search of resources to develop. The investor of necessity assumes a receptive attitude. He is the customer to whom the promoter and the financier offer their wares. He buys on his opinion not so much of the merits of the proposition as of the reputation of those who offer it for sale. Even if the promoter should be compelled to take a profit of only \$10,000 instead of \$75,000 and should be required by law to leave \$75,000 additional in the property, the investor would get no benefit. Suppose that this should be done and note the consequences to the investor. We must assume that the enterprise has been fully equipped with machinery and working capital, and with experienced and responsible promoters; in this class of propositions this assumption would be generally correct. We must assume, that is to say, that out of our 5,000 acres of coal land, a well-managed company is able to earn one year with another, \$50,000 per year, 10 per cent on the capital stock, by an investment of \$175,000. The law, however, compels the promoter to invest \$65,000 more for the benefit of the company. This might be done in enlarging the scope of the enterprise, taking in more land and working a second shaft. The result of these enlarged operations, since the same equipment could handle a larger output, might be a total annual profit of perhaps \$90,000 per year on the same capitalization as before, viz, \$500,000, or 18 per cent. If the investor would pay—allowing the banker his profit—70 for a 10 per cent security which the profit of \$50,000 represented, he will pay 126 for an 18 per cent security, represented by the larger profit of \$70,000 due to the sequestration for the benefit of the company of the promoter's surplus. On the first investment, allowing the promoter to take what remains after the proposition is fully equipped, the investor receives an income of 14.2 per cent, and on the second

investment, he receives the same amount, for the price which he will pay for the stock rises with the rate of dividend which it yields. The investor therefore could not profit by the curtailment of the profits of the promoter. The only result of such action would be that the net earnings and dividends of the company would be increased. The investor, however, would receive the same rate of income from investing \$1,000 in a 10 per cent stock at 70, as he would receive from \$1,000 invested in an 18 per cent stock at 126. It is true that the community might be the gainer because a larger amount of coal might be produced from the larger investment. This conclusion, however, rests upon two assumptions: First, that the original plans of the promoter were not large enough, since he could probably have capitalized his enterprise at \$900,000 instead of \$500,000 in case he considered that market and mining conditions warranted the larger output of coal and, that the promoter will make an ineffective and wasteful use of the \$75,000 profit which he takes out of the enterprise and will not employ these funds in furthering new enterprises to which he may turn his attention. Neither of these assumptions is apparently well grounded. The promoter has, it is safe to say, if he is a conservative and intelligent man, provided for as large a production as is warranted by the conditions surrounding the enterprise, and if his profits appear large, they are usually turned back into new ventures whose success will increase the wealth of the community. We must conclude, therefore, that the promoter performs an indispensable function in the community by discovering, formulating and assembling the business propositions by whose development the wealth of society is increased. He acts as the middleman or intermediary between the man with money to invest in securities and the man with undeveloped property to sell for money. In the present scheme of production, the resource and the money are useless apart. Let them be brought together and wealth is the result. In most cases, the unassisted coincidence of investment funds with investment opportunities is wholly fortuitous and uncertain. The investor and the land or patent or mine owner have few things in common. Left to themselves they would never meet. But the promoter brings these antithetical elements together; in this way utilities are created which did not before exist, and which are none the less a social gain because most of the advantage is taken over by the promoter and the financier.

THE INDEPENDENT TREASURY VS. BANK DEPOSITORIES: A STUDY IN STATE FINANCE.

On the third day of August, 1901, the doors of the First National Bank of Austin were closed by United States Bank Examiner J. M. Logan. This failure created a general sensation throughout the state, for it was learned that at the time there was on deposit with this bank to the credit of the State Treasurer, John W. Robbins, a large sum of the state's funds in the form of money and drafts in course of collection. Some of the revenues of the state collected by Secretary of State John G. Tod were also involved. The lower house of the state legislature, which was then sitting in special session, appointed a committee to investigate the relations of the treasury to the First National Bank, which, after examining many witnesses, reported back to the House that it had been the custom for many years for the State Treasurer to deposit with some Austin bank for collection the checks and drafts received in connection with the sale and lease of the public lands, and that money and drafts in course of collection had accumulated in the First National Bank to the amount of \$358,208.89. Of this sum \$252,378.02 had been collected and \$105,830.87 was still to be collected. In the same way, it was found, Secretary of State Tod had deposited checks and drafts for collection, preparatory to turning them into the Treasury, to the amount of \$39,512.39. These checks and drafts had been received by Mr. Tod in payment of fees of the Secretary of State's office.

Now the law requires the Secretary of State to pay into the treasury monthly the moneys collected by him, but allows him to collect the fees as he may see fit and in the meantime to keep the money where he chooses, but at his own risk. As Mr. Tod, therefore, had not exceeded his authority and as he and his bondsmen proposed to make the loss good to the state, the matter, so far as he is concerned, may be dismissed without further discussion.¹ But

¹None of the state's money was lost as a result of the bank failure. The bank was reorganized and reopened and seems to be in a prosperous condition. Prior to the reopening, which took place at the beginning of January, 1902, an agreement between the state's representatives and the authorities of the bank was reached by which the money due the state was to be paid into the treasury in monthly installments. In accordance with this agreement the entire obligation was discharged by the first of July, 1902.

the situation was quite different in the case of State Treasurer Robbins. As we shall see later, the treasurer is required by law to keep *all* moneys and property committed to his care and belonging to the state in the vaults of the treasury, and he has no authority whatever to deposit checks and drafts in a bank for collection. And yet he allowed \$358,208.89 to accumulate in the vaults of the First National Bank. Accordingly, on August 21, Mr. Henderson, of Lamar, introduced into the House a resolution providing for the impeachment of Treasurer Robbins. The resolution was as follows: "*Resolved*, That State Treasurer J. W. Robbins hereby stands impeached by order of this House for mismanagement in the conduct of the affairs of his office, clearly in violation of law, and which in effect is little short of flagrant dereliction in the discharge of a public trust." The resolution further provided for the appointment of a committee of seven to prepare articles of impeachment and to conduct the prosecution before the Senate. But, as it was clear that no intentional wrong had been done and that Treasurer Robbins had simply followed a custom of many years' standing, the resolution failed and the matter was allowed to drop without any action having been taken.

But while no action was taken in the matter by the legislature, the incident has served to direct attention to our present method of collecting and safe-keeping the public funds. The present investigation, therefore, is undertaken with a view of showing the exact working of the present system before and after the failure of the bank, and of suggesting possible improvements in the system, but more especially with the view of pointing out the need of a system better adapted to the convenience of the public and the necessities of the business community. As the discussion proceeds it will become clear that, by a system of bank depositories, the funds of the state, as soon as the taxes are collected, would be returned to the channels of circulation, a neat sum of interest collected for their use, and at the same time the funds would be as safely kept as if they were locked up in the vaults of the treasury.

The System Prior to the Bank Failure

The present treasury system in Texas was devised for a small, sparsely settled, rural community whose fiscal transactions were insignificant when compared to the vast volume of business now

transacted by the State Treasury Department. In the "Plan and Powers of the Provisional Government of Texas," adopted by the "Consultation" that assembled at San Felipe de Austin in October, 1835, it was provided that, "The General Council shall appoint a Treasurer, whose duties shall be clearly defined by them, and who shall give approved security for their faithful performance."² In November of the same year, the General Council provided for the appointment of a treasurer, fixed his bond at \$100,000, and declared his duties to be "to receive, disburse and pay over to the order of the proper authorities, all monies and security belonging to the Provisional Government of Texas." For many years the treasurer presided over an empty treasury,³ the state being greatly involved in debt and the taxes being paid in treasury notes and other evidences of the state's indebtedness. During the period of the republic the funds seem to have been kept in the vaults of the treasury, though I have been unable to find any law bearing directly on the subject. However, when Texas was admitted to the Union as a state the separate treasury system was given legal sanction. The first legislature of the state, in March, 1846, adopted a law providing for the safe keeping of the revenues, the ninth section of which reads as follows: "Be it further enacted, The Treasurer shall procure a strong iron safe or safes, in which shall be deposited all monies or dues received by him on account of the state."⁴ The independent system established by this law has been retained to the present time.⁵ In 1873 the legislature re-stated the matter in still more explicit form. This law, slightly revised and expanded, reappears as Article 2,860 of the Revised Statutes,⁶ and reads as follows: "All moneys

²Gammel, "Laws of Texas," vol. i, p. 912.

³Gouge, in his "Fiscal History of Texas," p. 274.

⁴Gammel, "Laws of Texas," vol. ii, pp. 1316-18.

⁵It is a significant fact that the independent treasury of the United States was established the same year and by the same party. It was a policy growing out of a political situation. The results of its application to problems of central government have been quite different from those obtained in application to states. The states had only one problem to solve, that of safe keeping and the proper use of revenues. The national government, however, had in addition to this the burdens of currency upon it. It must provide a currency adequate to the needs of business and protect and maintain it. As an incident to this it must redeem all forms of credit money, and the revenue department is essential to the keeping up of the redemption fund. While the independent treasury, therefore, has proved itself well suited to national currency problems, as applied to state finance it may be questioned.—[EDITOR.]

⁶Batts, "Civil Statutes," vol. ii, p. 229.

received by the treasurer shall be kept in the safes and vaults of the treasury. . . . nor shall it be lawful for said treasurer to appropriate to his own use, or loan, sell or exchange, any money or the representative of money in his custody or control as such treasurer." From this it will be seen that the state in its very infancy adopted the present independent treasury system, and has maintained it consistently to the present day. It was the disregard of these laws by the State Treasurer that led to the connection with the First National Bank and the investigation by the legislative committee above referred to.

The violation of the law by the treasurers came about through their depositing with the bank, not actual cash, but checks and drafts to be collected. This custom grew up in connection with the land business. It was undoubtedly a great improvement over the system formerly in use. It was the product of a business necessity, and was fairly simple and direct in its operation. Persons owing money on lands could send their personal checks or could buy bills of exchange from their local banks. When these checks and bills were received at the treasury, they would be collected at once if drawn on an Austin bank, and the money so collected would be deposited in the treasury. If the check was drawn on a foreign bank, the procedure was quite different. The drafts were numbered and registered in a book kept for the purpose, each draft being described by giving its number, date and amount, and the name of the person by whom it was drawn.⁷ This record was kept in the treasury. A postal card was then sent acknowledging the arrival of the remittance and promising that the receipt for the amount would be sent as soon as possible. The checks and drafts were then turned over to the bank for collection, the bank being charged with the full amount of the drafts turned over to it. If a draft was not paid, it was returned to the treasury, the bank was given credit for it, and it was returned to the sender. If, however, the treasury authorities heard nothing from the draft within two or three weeks,⁸

⁷ See the testimony of Chief Clerk R. C. Roberdeau before the investigating committee, "House Journal 27th Legislature, 1st and 2d Special Sessions," p. 80.

⁸ From the statement of Mr. A. W. Morris, chairman of the committee appointed by the House to count the cash in the treasury, it would appear that at the end of each month receipts were issued to all persons whose checks had been deposited for collection on or before the 15th day of the month, unless payment had been refused on them. "House Journal," p. 93.

they assumed that it had been paid and that the money was in bank, and the receipt was issued to sender. From this it would seem that a continual stream of checks and drafts flowed into the treasury to be passed on to the bank for collection, while a similar stream of money flowed into the bank from all parts of the country, to be paid by the bank into the treasury.

As the money from the collections accumulated in the bank, payments were made from time to time into the treasury, varying from two to five payments per month according to the progress made in collecting.⁹ The largest payments were usually made on or near the first of the month. Mr. Wortham, president of the First National Bank, usually looked after the state's account in person and sent up the money at convenient times. "If Mr. Robbins," said Mr. Wortham, testifying before the investigating committee, "had drawn on the bank for the balance of his deposit on the first of August, he could have gotten every cent."¹⁰ He could have had \$100,000 on August 2, but unfortunately Mr. Wortham was out of the city at the time, the money was not sent up to the treasury, and on the next day the bank was closed.

It was in this matter of the transfer of the moneys from the bank to the treasury vaults that the treasury authorities seem most open to censure. It is not strange that an incoming treasurer should adopt a custom that had been followed by his predecessors for a generation. It was perhaps but natural that he should adopt a practice that not only greatly lightened the work of the treasury force, but proved a great saving and convenience to the public as well. But it would seem that closer attention should have been given to the collections, and the money moved to the treasury vaults a little more rapidly. Payments were seldom called for by the treasurer, but were usually made at the instance of the bank. Checks and drafts were allowed to accumulate in the bank to the amount of \$358,208.89, of which \$252,378.02 had been collected and should have been transferred, at least in part, to the vaults of the treasury.

Probably it is not very generally known what a large volume of business was transacted by the treasurer through the First National Bank. Prior to 1887 doubtless a very large part of the entire receipts of the state came in in the form of drafts and

⁹ "House Journal," p. 79

¹⁰ *Ibid.*, pp. 91-92.

exchange. Since that date only the land accounts have been paid in that way, the proceeds from taxes being paid in cash or postal money orders. But the land business has gradually grown until it has reached enormous proportions. On the treasurer's books are to be found more than 40,000 land accounts, on which is paid more than \$2,000,000 annually. Of course some of these land payments were made in cash, postal or express money orders, and exchange on Austin banks; but, as previously stated, the great mass of these payments was made in personal checks and drafts, which were collected through the bank. The volume of business done through the First National Bank may be seen from the following statement, tabulated from the evidence given before the legislative investigating committee by Mr. R. C. Roberdeau, chief clerk in the Treasury Department:¹¹

DATE	Balance in bank to credit of the State Treasurer.	Amount paid by the bank into treasury.
December 31, 1900	\$283,440.46	
February 1, 1901	281,560.35	\$102,006.00 (Jan.)
February 28, 1901	297,620.54	106,260.55
March 30, 1901 ¹²	270,731.73	190,870.22
April 30, 1901	315,455.70	56,400.37
May 31, 1901	345,379.90	48,350.98
June 20, ¹² 1901	374,633.54	60,024.00
July 31, 1901	365,665.92	95,797.57
August 3, 1901	358,208.89	31,213.53
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Total amount of checks deposited in bank from January 1 to August 3, 1901		\$774,800.65
Total cash received from bank from January 1 to August 3, 1901		700,032.22
Average daily balance		255,469.00

The System Since the Bank Failure

The failure of the First National Bank in August, 1901, brought to a sudden standstill the machinery of deposit and collection that had been devised to meet the needs of the business community, and that had been in successful operation for a generation or more. The public was surprised to find that the system that had worked so smoothly for many years was wholly illegal, or, at least, unauthor-

¹¹ "House Journal," p. 89.

¹² This date used because last day of the month was Sunday.

ized by law. But that such was the case is now universally acknowledged. The treasurer was allowed to accept from tax collectors nothing but cash and post office money orders; and it should be stated in this connection that there is no reason to believe that this provision of the law has ever been disregarded. While no specific method of making land payments has been prescribed by law, there is no warrant whatever for the practice of depositing in bank for collection the checks and drafts received from such payments. In fact such action is expressly forbidden by the law of 1873, which, as re-stated in the Revised Statutes, provides that all moneys "shall be kept in the safes and vaults of the treasury . . . nor shall it be lawful for said treasurer to appropriate to his own use, or loan, sell or exchange any money or the representative of money in his custody or control as such treasurer."

After the failure of the First National Bank on August 3, checks and drafts kept coming in every mail, and, on August 7, State Treasurer Robbins began depositing them for collection with the American National Bank of Austin.¹³ At the close of business on August 13, \$23,310.65 in checks and drafts had been so deposited. In the meantime, however, conditions were getting more serious. The investigating committee was busily engaged in taking evidence, and talk of impeachment proceedings was in the air. In his dilemma the treasurer applied to the attorney-general for direction: Has the treasurer a right to accept anything but actual cash in payment of land dues? Is he authorized to accept checks and drafts payable by an Austin bank, or postal and express money orders payable in Austin? In replying to these questions Attorney-General C. K. Bell declared that the treasurer has no right to accept anything in payment of land accounts except actual cash; that, while he has no authority to accept drafts on Austin banks, or postal and express money orders payable in Austin, if he should do so and the money should be collected and paid into the treasury, such payment would constitute a valid payment; but that, if the money should be collected and lost between the place of collection and the treasury, such loss would fall on the treasurer. This opinion the treasurer had printed and mailed it out along with a circular letter from his own department to the land purchasers throughout the state. In this letter Treasurer Robbins declared that, in view of the failure of the

¹³"House Journal," p. 65.

First National Bank, of the investigation of the matter by the legislative committee, and of the opinion of the attorney-general, the department had decided that for the future "*nothing but cash*" could be accepted in payment of land accounts.

From this it is seen that the first effect of the bank failure was to sweep away at a single stroke the whole system of making land payments by means of money orders, Austin exchange, and personal checks of every character. Nothing was to be received but money, not even a post office money order. This worked great inconvenience and hardship on the public. Take the case of a land purchaser in the Panhandle country. He is now deprived of all the ordinary means of sending money and making payments. Personal checks will not do, bank exchange is useless, and even the use of the post office, usually the most accessible means of sending money in sparsely settled communities, is denied to him. He must now either carry the money to the treasury in person or hire it done by either a bank or an express company, and possibly the nearest express office is a hundred miles away.

Such a plan, it is easy to see, would work great hardship on the great body of the state's land customers, and a vigorous protest came from all parts of the state. It soon became evident that the scheme could not be carried out. The land business was paralyzed. Drafts and money orders continued coming to the treasury, but were returned to the senders. Although the legislature was then in session, it made no move toward relieving the situation, but left the treasurer to face the difficulties alone. At this juncture the Austin post office authorities came forward with a proposition to relieve the strain. Postmaster Brush proposed that if the treasurer would receive postal money orders in payment of land dues, he would send the money up to the Treasury Department and pay off the orders there. As this relieved the treasurer of all responsibility in the collection of the money for the orders, and seemed to offer a solution of some of the difficulties, it was agreed to by the treasurer, and circular letters were sent out by the postmaster explaining to all the post offices of the state the arrangement that had been made. There was at once a vast increase in the volume of business done by the money order department of the local post office, although it had formerly been largely used by tax collectors, as well as land purchasers, in making their payments to the state treasurer. The state

had failed utterly to provide an adequate or convenient method of carrying on the state's business, and the people were forced to resort to the use of Federal machinery, and that, too, in most cases, to the detriment of the banking institutions of our own people.

But it will doubtless occur to the reader that there were no good reasons why the banks could not make similar arrangements. There were no reasons, and, as the banks soon felt the loss of the business, such arrangements were actually made. They proposed that, if the treasurer would receive drafts on Austin banks, they would carry the money up to the Capitol and pay it directly into the treasury. They then sent out letters to their correspondents throughout the state notifying them of the arrangement that had been made, and promising to pay off at the treasury all drafts drawn against them. As a natural result a large share of the business was soon done through the banks. A few weeks later the rigid cash system announced in the treasurer's letter, mentioned above, was still further relaxed, until now a person owing money on land can send it to the treasury in one of four ways. First, he may send the cash through the express companies or banks; second, he may send postal money orders; third, express money orders; or, fourth, exchange on any Austin bank. These money orders and drafts are now received by the treasurer at his own risk and collected by him, the orders being sent out for collection instead of being paid off at the treasury, as was at first required.

Some Defects and Possible Remedies of the Present System

The present Texas treasury as now operated is very far from what it should be. It is essentially crude and unsuited to the needs of the business community. It is the worst form of an antiquated system, utterly out of harmony with business methods and usages of the great commercial community that has grown up around it. It was devised at a time when our population did not number more than twenty or thirty thousand souls, when four-fifths of our broad area was a savage wilderness, and there was neither a mile of railroad nor a banking institution of any kind within our borders. At first it was of but little consequence whether we had a treasury at all or not, for years had passed before a dollar of specie ever reached its vaults. Since that time, however, our population

has grown to more than three millions and our fiscal operations to some sixteen million dollars annually; and yet we cling to the same old system of collecting and safe-keeping the public funds to the financial loss and inconvenience of everybody concerned. Postponing for a time consideration of the relative value of the independent treasury system as compared to the system of bank depositories, let us first consider the evils of the system now in vogue, and see if remedies for some of them will not suggest themselves.

In the first place, the present method of transmitting money to the treasury is very expensive to the people and to the state. This is true both in the case of the land payments where the expense falls on the individual remitter and in the payment of taxes by the tax collectors where the cost falls on the state. In the case of land purchasers we have seen that the payments may be made in any one of four ways. In the first place the payment may be made in cash, the purchaser paying the express charges and having the package of money delivered at the treasury. The express charges on the smallest amount will be not less than twenty-five cents, while on a thousand dollars of silver from El Paso they are three dollars. The average charges on packages of one thousand dollars, however, are for currency about seventy-five cents to one dollar and fifty cents. In the second place, payments may be made by postal money orders. Here charges run from three cents on sums less than two and one-half dollars up to thirty cents on sums of seventy-five to one hundred dollars. For sums above one hundred dollars more than one order must be purchased, at thirty cents for each one-hundred-dollar order, or three dollars per one thousand dollars. In the third place, money may be sent by express money orders. Here the charges are slightly higher than on postal orders, running from three cents on the least amounts up to eighteen cents on the largest orders issued, which are for fifty dollars. That gives a rate of three dollars and sixty cents on sums of one thousand dollars. The fourth way is by use of exchange on Austin banks, at the usual rate of one-fourth of one per cent or two dollars and fifty cents on the one thousand dollars. It should be noted in this connection, however, that banks usually charge ten or fifteen cents on the smallest amounts issued.

It will readily be seen that anything like an accurate estimate of the expense to the public of sending to the treasury the \$2,150,000

annually paid on land accounts cannot be made. Each of the four ways of making payments is at times resorted to, though most of the payments now come through the banks; and the individual payments vary in amount from twenty-five cents up to thousands of dollars. The vast majority of the payments, however, are for sums less than one hundred dollars on which the rates are relatively much higher. Taking all these facts into consideration, State Treasurer Robbins has estimated that it costs the people of Texas not less than \$50,000.00 annually to make these land payments.¹⁴

When we come to examine the methods of making payments used by tax collectors we find the same general conditions we have just described, with the exception that here the expenses are borne by the state and not by the individual remitter. Collectors, as we have seen, are required to make their payments to the treasurer either by postal money orders or by direct cash payments. As the former method has already been dwelt upon, and as a matter of fact is seldom made use of by collectors, it may be dismissed without further discussion at this time. Direct cash payments may be made in the first place by a personal visit from the collector—a method once almost exclusively used, but long since discontinued except in rare cases. Or, secondly, they may be made by expressing the money to the treasurer at the rates just mentioned. Or, lastly, cash payments may be made through the Austin banks. As there are far fewer small payments from tax collectors than from land purchasers, the expense of remitting is relatively less. The cost to the state of sending money by the last two methods is about the same, for both payments are practically made through the banks. For there is scarcely a tax collector in the state who does not deposit his daily or weekly collections in some convenient local bank. When he desires to remit a certain sum to the State Treasurer, he simply requests the local bank to send the money for him. The bank suits its own convenience in making the payment. If it has a deposit with an Austin bank, it writes to its Austin correspondent to deposit the required sum in the treasury to the credit of the collector. If the payment cannot be

¹⁴It seems to me that this estimate is somewhat too large. The total receipts from the land business are \$2,150,000.00. At an average cost of thirty cents on each one hundred dollars, the expense would be but \$6,450.00. But the average payment is much less than \$100. If we assume it to be only \$2.50, on which the post office charges are 3 cents, or \$1.20 per one hundred dollars, the total expense would be \$25,800.00. But most payments come through banks and their charges on small amounts are relatively much higher.

made in this way, then the local bank sends the cash by express directly to the treasurer. In the latter case, the state pays the express charges at the rates indicated above, while in the former case the state allows to the banks exchange equal to the cost of expressing the same amount of *currency* from the given place.

The banks are in the habit of taking advantage of the state in cases where the actual cash must be expressed to Austin, which results in keeping the treasury vaults filled with silver. If they have both *currency* and silver on hand, they invariably ship to the state the silver; for in this way they get rid of the heavy silver at the state's expense, leaving in their own hands the lighter *currency* to be shipped out as needed at their own expense. They thus gain the difference in the cost of shipping silver and *currency*, and the state loses that amount and at the same time keeps its vaults crowded with the silver's extra bulk. In the same way, we may suppose, a bank with an Austin correspondent would, nevertheless, ship its silver to the treasury if, by drawing on its correspondent, there was danger of so nearly exhausting its deposit as to make necessary a further deposit with the correspondent.

As was the case in connection with the land business, so now it is very difficult to make an accurate estimate of the cost of putting the money into the treasury after it has come into the hands of the collectors of taxes. Some of the payments, usually the smaller odds and ends, come through the post office at the rate of thirty cents or more on the hundred dollars, while the great bulk of the taxes comes by express or through the banks, at the rates of from seventy-five cents to \$1.50 per thousand dollars. As much of the money sent by express is silver, and as a large number of payments consist of sums less than one thousand dollars, it is probably a conservative estimate to put the average cost at \$1.50 per thousand dollars. On the \$6,000,-000.00 of taxes collected annually, this gives a total cost of \$9,000.00, which, combined with Treasurer Robbins' estimate of the cost of making the land payments, gives a grand total of \$59,000.00 as the expense incurred in sending money to the treasury. Thus we see that the present treasury system is the most wasteful and expensive that could be devised.

Another evil connected with the present method of collecting land dues is the increased number of errors in the amount of the payments and in the description of the lands, and the resulting delays

and inconveniences to the clerical force in the Treasury Department. Prior to the failure of the First National Bank almost all of the land payments came in the form of personal checks on the home bank of the sender, which were deposited in the bank and collected without expense either to the state or to the remitter. If an error occurred in the amount of the payment or the description of the land, the Treasury Department communicated directly with the remitter and the matter was speedily rectified. Now it is quite different. Take the case of a land purchaser in the Panhandle country who has a payment to make. Instead of mailing his personal check directly to Austin as he formerly could do, he now notifies his home bank (very frequently by mail, on account of his great distance from a bank) to send a certain sum of money to the State Treasurer as his annual payment on a certain tract of land. If the bank has no Austin correspondent—and very few of these western and northwestern banks have—it will write to its Fort Worth correspondent repeating the description of the land and asking it to make the payment. The Fort Worth bank again repeats the description and the request to its Austin correspondent, and the latter pays the money into the treasury to the credit of the purchaser.

It is known to be a difficult thing for a person to repeat a story exactly as he heard it, and it is equally difficult to repeat the description of a tract of land. The result is a great increase in the number of errors both as to the amount of the payments and as to the description of the land. And in correcting these errors the treasury officials cannot deal directly with the remitter, but must refer the matter back to the bank that made the payment, it to its Fort Worth correspondent, and so on until the error is found. This produces extra work, needless delay, and inconvenience to all parties to the transaction.

It will be seen from what has now been said that the treasury system as now operated is much more expensive to the public and far less convenient than the system in operation prior to the failure of the First National Bank. If the independent treasury system is to be retained, it is clear that the laws governing payments into the treasury should be so changed as to allow such payments to be made at the least expense and inconvenience to the community. By a proper system of exchanges all payments would be sent directly to the treasurer without the intervention of a number of banks; delays and

inconvenience would be reduced to the minimum; and all collections would be made free of charge, thus saving to the people of Texas between \$50,000.00 and \$75,000.00 annually.

The Bank Depository System

It seems evident that, if the independent treasury system is to be retained, some changes should be made. But there seems to be no good reason for holding to the present vault system. On the contrary, there is every reason for abandoning the present antiquated system of "bolts and bars" and for substituting one more nearly in harmony with the needs and usages of the present business community. The vault system, like many another outgrown institution, still lingers long after its day of usefulness has passed. It does not follow that because a system or an institution was not harmful to the state fifty years ago it is still the best that can be devised, and should be continued when the state has taken rank as one of the greatest commonwealths of the nation. There is no good reason why Texas should keep from \$1,000,000 to \$4,000,000 continually locked up in the Treasury vaults at Austin permanently withdrawn from circulation, when, by a system of bank depositories, this money could be put back into circulation, and, at the same time, a handsome income realized on it.

The system of bank depositories is not a new and untried plan. It has been in successful operation for many years in a number of the states and is now in use in nearly forty states and territories, and, in a modified form, has found a place in the management of the fiscal affairs of the Federal Government. After the national funds were withdrawn from the Bank of the United States in 1833, they were deposited in local institutions. But in 1846 the national government adopted the Independent Treasury Law by which all government moneys were required to be kept in the vaults of the Treasury and of the several Sub-Treasuries. But the system was somewhat relaxed in 1863, and bank depositories were authorized by the act that established the present national banking system. This act provides that "all (banking) associations under this act, when designated for that purpose by the Secretary of the Treasury, shall be depositories of public money, except receipts from customs, under such regulations as may be prescribed by the Secretary." The banks deposit as

collateral security for the funds United States bonds to the amount of the deposits asked for. The number of depositories and the amount of money held by them vary from time to time as the condition of the Treasury varies. "While the surplus permitted, every applicant, wherever located, offering the necessary bonds, received the share of deposits desired."¹⁵ On June 30, 1900, there were 444 bank depositories holding funds of the government to the amount of \$98,736,806.93. In June, 1882, the amount held by the depositories amounted to only \$11,258,965, the smallest amount ever held, while in June, 1879, the deposits amounted to the enormous sum of \$279,544,645, the total cash balance of the Treasury at that time being \$475,663,096.¹⁶

Turning now to the states, we find that, of the forty-eight states and territories exclusive of Alaska and the Indian Territory, thirty-seven have the bank depository system, while nine still retain the independent treasury system and two have combinations of these two systems.¹⁷ The states still operating under the independent system are Alabama, Arkansas, California, Illinois, Indiana, Mississippi, Nevada, Ohio and Texas. Kansas and Oregon have combinations of the two systems, some moneys being kept in banks and some in the treasury vaults. The funds of these nine states, amounting on an average of from \$12,000,000 to \$15,000,000 are locked up in the treasury vaults. A small part of the funds of the other states is kept in the treasury vaults, but the great bulk of the money, amounting to \$40,000,000 or more, is deposited in banks and in that way returned to circulation. In some states only very small amounts are kept in the treasury vaults. In Missouri, for example, of about \$2,600,000 to the credit of the various funds, only about \$1,700.00 was in the treasury at Jefferson City.

¹⁵ Report of Secretary of Treasury, June 30, 1900, pp. xviii and xix

¹⁶ *Ibid.*

¹⁷ Letters of inquiry were sent out to all the state treasurers. All the states have been heard from except Virginia. I have included Virginia in the list of states having depositories for this system was in use in the state in 1894. (See an article on "The Custody of State Funds," by Mr. E. R. Buckley, in *ANNALS AMERICAN ACADEMY*, vol. vi, p. 397.) Mr. Buckley in 1894 reported seven states as having the vault system, but it happens that the three states left out of his table, Alabama, Arkansas and Illinois, all have this system, and Oregon, which he puts in the list of states having depositories, really belongs in the other list. The depository system is not authorized by law in that state, although some money is kept in banks. In a recent letter, State Treasurer Charles S. Moore, of Oregon, says: "The money is supposed to be kept in the treasury vaults, but for convenience some money is kept in banks here (Salem) and in Portland, which is at the treasurer's own risk."

For many years prior to the crisis of 1893-97 the state funds were kept by the banks in almost absolute security. That disastrous period tested the depository system as it had never before been tested and as it probably will not again be tested in a quarter of a century. The weak places in the system were thus shown and an opportunity given for making such changes as experience proved necessary. There were numerous bank failures during this period resulting in considerable loss to some of the states. In a number of cases the amounts are still in litigation and may not prove an ultimate loss to the state. As nearly as I have been able to determine, the total sum lost to all the states through bank failures since 1893, including amounts still in litigation, is \$557,850. Of this sum \$151,000 is reported as an entire loss, while \$406,850 is still tied up and may not prove an ultimate loss, certainly not in some cases. In Minnesota, for example, \$35,000 is now tied up, but the treasurer assures me that not more than \$5,000 will prove an ultimate loss.

At first sight these figures show up somewhat poorly for the depository system, but it is believed that a more careful analysis of the facts and conditions will show that the system is far better than the independent treasury system, even should the entire amount prove an ultimate loss. In the first place, let it be remembered that the period of which we are now speaking was one of almost unequalled financial distress. Hundreds of the oldest and most substantial concerns in the country were wrecked, and it is not at all surprising that some of the state depositories were involved in the general ruin. On the other hand, look at the workings of the system under normal conditions. For twenty years prior to 1893, Mr. E. R. Buckley, of the University of Wisconsin, found that there had been a total loss to all the states through the depository system of only \$36,915.19, an infinitesimal amount when compared with the enormous sums that had been deposited with the banks during that period. "It is a significant fact," says he, "that in every case where a loss has occurred by depositing the state money in banks, no security has been required from the depositories other than that given to ordinary depositors."

This statement of Mr. Buckley is only partially true of the losses since 1893. Of the \$151,000 actually lost, \$25,000 in Florida and \$40,000 in Wyoming were not secured. Of the \$406,850

reported as still tied up, \$7,000 in Connecticut was not secured, and \$11,070 in North Carolina was allowed to accumulate in the bank above the amount secured. The other amounts were secured by bonds for double the amount of the deposits and are as follows: North Dakota, \$86,000 lost, and \$29,000 still tied up; New Mexico, \$780 tied up; Wisconsin, \$24,000 tied up; Nebraska, \$300,000 still in litigation; and Minnesota, \$35,000 still tied up. From this it will be seen that the heavy losers have been a group of Northwestern states, including North Dakota, Minnesota, Nebraska, Wyoming, and Wisconsin. As already stated, most of the amount tied up in Minnesota will be collected. State Treasurer Davidson, of Wisconsin, says, in reference to the loss in that state, "The state will realize some of it by the sale of certain real estate turned over by the insolvent stockholders," though not much is expected from that source. In Nebraska only a part of the heavy losses is chargeable to the depository system, only about \$100,000 of the losses having occurred through the failure of authorized depositories. "The losses in this state," says State Treasurer William Stuefer, "have been much larger than this sum, but most of the losses were in unauthorized banks." From this it appears that the greater part of the losses in Nebraska, the most unfortunate state, is to be charged, not to the depository system, but to abuses of it, just as the threatened losses in Texas were chargeable to abuses of the independent system.

But another point should be noticed. Almost all the losses in these Northwestern states were due to defects in the depository laws that have now in most cases been corrected. In a number of these states and possibly in them all, the officials of a depository bank were allowed to make the depository's bond. As a natural result, when the bank failed the bondsmen failed also, and the state's security became worthless paper. This was certainly the case in Minnesota, Wisconsin, and Nebraska. The treasurer of Nebraska in a letter of recent date says, "Formerly bank officials were allowed to sign depository bonds and in such cases when the bank went broke, the securities went busted." "The persons who become sureties of the bank are, as a rule, stockholders of the bank," says State Treasurer Davidson, of Wisconsin. "In fact, I know of no one becoming a surety who is not a stockholder. While in the bond the state was secured for twice the amount of deposit, it suffered a loss

for the reason that the stockholders of the insolvent bank became insolvent themselves in their private capacity. . . . In short, the loss was possibly owing to the fact that the stockholders of the bank were securities on the bond of the bank. Not only did the bank itself fail, but the stockholders failed as private individuals, and consequently their bonds were worthless." That a similar state of facts exists in the other states there is reason to believe, though at this time not sufficient evidence is at hand for a positive assertion. From this it appears that a large part of the losses and probable losses that have occurred in connection with bank depositories is due to abuses of the system or defects in the depository laws that have been, or may be, easily remedied. And when it is remembered that much of the \$557,850 may yet be collected, and that this sum represents the losses in nearly forty states during a period of long-continued financial distress, the showing for the depository system is not a bad one, especially when it is shown a little further on that this entire sum is more than offset by a single year's income from the depositories.

The laws of the several states provide various methods of securing the public funds. Thirteen states require depositories to give no further security than is given to ordinary depositors. A number of the states require depositories to give bond in double the amount of the deposit, while, in addition, Missouri, Pennsylvania, and possibly others accept federal, state, county, or municipal bonds as collateral. In Arizona and Utah the banks are required to make the treasurer's bond, in the latter state in the sum of \$700,000. This would seem to be a poor provision, for if the sole depository in Arizona, for example, should fail, the treasurer's bond would be worthless, and the state would be left without recourse. In Idaho the state's money is made a "special deposit" and the state is given first lien on the assets of the bank. In Louisiana and Kentucky the banks are required to give bond in the sum of \$100,000, and in Oklahoma in the sum of \$600,000. In most states requiring security, the bonds may be either personal or surety company bonds, while some states, as New York, will accept only the latter. Although the evidence at hand will not warrant a positive opinion, there is reason to believe that most of the losses reported occurred in cases where banks were allowed to give personal bonds instead of surety company bonds or some sort of collateral security. The treasurer of Minnesota says he knows of

no case of loss to the state where the depository's bond was made by a surety company.¹⁸

The number of bank depositories and the method of designating them varies greatly in different states. The numbers vary from a single bank, as in Delaware and Arizona, to 150 in New York and 177 in Massachusetts. The average number is probably about twenty or thirty. In some states the banks are named in the statutes. In Georgia the towns are fixed by law and the governor selects one bank in each. In Delaware the funds are kept in the "Farmers' Bank of Delaware," of which the state owns a majority of the stock and selects a majority of the directors, the treasurer being given immunity from loss in case of failure of the bank. In North Dakota the depositories are selected by the Board of Auditors; in Louisiana, by the Board of Liquidation of the Public Debt; in Iowa, by the Executive Council of State; in West Virginia, by the Board of Public Works; in New York, by the treasurer and comptroller jointly; while in a majority of the states they are chosen by the treasurer, with or without the approval of a board usually consisting of the Governor, the Attorney-General, and the Secretary of State. In some states the treasurer is given a free hand, choosing his own depositories and demanding from them, at his own risk, whatever security he may see fit.

As has previously been intimated, the daily balance in the depositories, in many of the states, is made a source of revenue to the states. The banks are willing to take the state money, give ample security for its safe keeping, and pay a moderate rate of interest for its use. A majority of the states receive interest on the deposits, the rate varying from $1\frac{1}{2}$ to 4 per cent per annum, payable monthly on the average daily balances. In Massachusetts the depositories are classified as "active banks," "Boston banks," and "country banks." In his letter, the State Treasurer says, "There are six (6) active banks, through which the entire business of the department is transacted, and who pay to the commonwealth interest on daily balances, at the rate of $1\frac{1}{2}$ per cent per annum. There are forty-one (41) Boston banks (simply depositories), drawn on for the purpose of building up accounts in active banks rather more freely than are the country banks, who pay interest on average daily

¹⁸ I have been unable to get definite information on this point. Some treasurers have neglected to answer my letters, and others leave the point in doubt.

balances, at the rate of 2 per cent per annum. Of the country banks, so called, scattered throughout the commonwealth, there are over one hundred and thirty (130) and they pay on average daily balances interest at the rate of $2\frac{1}{2}$ per cent per annum. These rates of interest have been unchanged for a long term of years, and of course sometimes are more favorable to the banks than to the state, and sometimes vice versa." Colorado, Michigan, Minnesota, New York, Pennsylvania, and Rhode Island have classifications similar to that of Massachusetts. Only three states, New York, Pennsylvania, and Massachusetts, charge as low as $1\frac{1}{2}$ per cent on any part of the deposits, while Rhode Island only receives as much as 4 per cent on any state money. The average rate is probably about $2\frac{1}{2}$ per cent per annum. Of the thirty-seven states having the depository system twenty-four receive interest on the deposits, while thirteen receive no return on the money. The twenty-four states charging interest on the deposits have at this time, on an average, daily balances amounting to about \$25,000,000, which, at an average rate of $2\frac{1}{2}$ per cent, yields a yearly income of \$875,000. This yearly income to these states, it will be observed, is more than 50 per cent greater than the losses to *all* the states caused by bank failures during the last ten years, including the panic of 1893, even if it be granted that all the money now tied up will prove an ultimate loss. If the income in part of the states for a single year exceeds by half the losses in all the states for a period of ten years including the worst financial panic in our history, it is certainly safe to say that the depository system will always show a comfortable balance of gains over losses.

The thirteen states that receive no interest on their deposits have an average balance of about \$7,000,000. At the average rate of $2\frac{1}{2}$ per cent they should receive a yearly income of \$175,000. This amount undoubtedly goes as remuneration to the banks when it should go into the public treasury. In Louisiana the banks pay a regular annual bonus of \$10,000 for the use of the state's money, without regard to its amount. At times this may be an adequate return, but, if the present condition of the treasury is normal, it is not adequate. During the last three years the average deposit has been \$1,250,000, which should bring the state an annual income of not less than \$30,000.

The eleven states that still retain the independent treasury system (including Kansas and Oregon, which keep probably half

of their funds in the treasury vaults) have on hand to the credit of the state funds about \$13,000,000. This large sum of money is kept under guard in the vaults of the treasury, constantly withdrawn from circulation, and earning nothing for the people. It is an inconvenience, a charge, an actual burden to the states, when it should be yielding them a yearly income of \$325,000, and at the same time be just as securely kept.

Turning now to the conditions in Texas we find from \$2,000,000 to \$4,000,000 piled up in the vaults of the treasury at all times. The average amount for several years has been not less than \$2,500,000, probably as much as \$3,000,000. On this money the state receives not one cent of return. If the depository system were adopted, the state would receive from \$60,000 to \$75,000 annually. This sum added to the amount saved through the adoption of a less expensive method of sending money to the treasury would show a saving to the people of the state of an amount varying from \$100,000 to \$150,000 annually.

The adoption of the depository system would tend to remedy another evil of the present vault system, viz., the irregularities in the receipts and disbursements of the treasury and the fluctuations in the money market caused thereby. Fortunately these irregularities are not as great as at first one might suppose, judging from the vast volume of the fiscal business, for the payments on account of land dues and, to a limited extent, the payments on account of the taxes are distributed throughout the year. A much larger per cent of the taxes, however, is collected in January and February than during any other part of the year. The surplus in the treasury is usually greater in March than it is in November by almost a million dollars. The same relative condition, though probably somewhat more exaggerated, doubtless exists in the county treasuries, where the sole dependence is on the taxes, which are almost entirely collected by the first of March. In this way the largest sums are withdrawn from circulation in the spring and early summer and returned to the circulation as autumn approaches through the ordinary disbursements of the treasury. While this would tend to increase the money stringency of the spring and summer, it would tend to relieve the stringency of autumn and winter when demands are made for crop movements. In the fall of the year, at the very time when crops are being marketed, when money is flowing into the state,

when the money market is "easy" and interest is low, the state allows her surplus to run lowest, thus returning the greatest amount to circulation. In the winter and spring months, however, the current sets in the opposite direction. There are then no crops to bring money into the state, interest payments and other settlements in the North and East must be made, our merchants send out large sums for their spring and summer supplies, money grows scarce and the rate of interest rises. It is then that the state steps in, gathers her taxes, and withdraws from the channels of circulation, for state and county purposes, probably not less than one or two million dollars, to be added to the amount already locked up in the treasury vaults. The important effects of this policy on business will probably be more clearly realized when it is stated that, according to careful estimates, the money in the treasury vaults is at times equal to one-fourth of the entire stock of money in the state. Just what effect is produced by hoarding one-fourth of the circulating medium it is impossible to say. It should suggest, however, that even under an independent treasury plan the treasurer should be allowed to deposit such balances of revenue over disbursements as are in excess of ordinary holdings.

Other reasons for the adoption of the depository system will doubtless suggest themselves to the intelligent reader, but sufficient has now been said to show conclusively the benefits to be derived from such a change. The legislature should create a board of deposit to consist, let us say, of the governor, the comptroller, and the attorney-general, clothed with authority to select banks of deposit throughout the state. Other things being equal, the funds should be awarded to the banks offering the highest rate of interest. This provision would eliminate politics and favoritism in the selection of the depositories. The banks should be as widely distributed throughout the state as possible, say one in every representative district. The advantages of such an arrangement are obvious. It would facilitate payments for land dues, and would enable tax collectors to make daily, or at most weekly, deposits of their collections. In this way, the taxes collected to-day would be returned to circulation to-morrow, and at the same time be earning a revenue for the state. The money would remain in the district where collected until the bank's deposit limit was reached or until the money was needed elsewhere. Such an arrangement would also greatly

facilitate the ordinary disbursements of the treasury. Whenever any payment was to be made in any part of the state, instead of the present state warrant, which must be returned to the treasury for collection, a draft on the local depository would be issued, which would be paid by the depository without expense or delay to the state's creditor.

The state should require ample security from the banks in the form of personal or surety company bonds in double the amount of the deposit asked for, or collateral security in the form of United States bonds, Texas state bonds, or approved county and municipal bonds. Only county and city bonds at par or above should be accepted. The ability to use such bonds as a basis for deposits would probably create a home market for them, even when bearing a low rate of interest. If depositories are allowed to make personal bonds, certainly no person financially interested in a given bank should be allowed to become surety for the state's deposit with that bank.

Depositories should be required to pay a reasonable return for the use of the public money. As previously stated, the average rate paid in other states is probably not less than $2\frac{1}{2}$ per cent. Texas is a new and relatively undeveloped community when compared with most Northern and Eastern states, and the commercial rate of interest here is higher. The average rate on deposits, therefore, might very well be as much as 3 per cent. And it would probably be well to adopt some such classification of depositories as that in use in Massachusetts. "Active" depositories would need to keep on hand constantly large sums to meet the daily drafts of the treasurer, and should pay from 2 to $2\frac{1}{2}$ per cent on daily balances; depositories drawn on less frequently should be charged from $2\frac{1}{2}$ to 3 per cent.; and those banks holding funds for relatively long and definite periods should pay from 3 to $3\frac{1}{2}$ per cent. As stated in another connection, the annual income to the state from its deposits at an average rate of $2\frac{1}{2}$ per cent would be between \$60,000 and \$75,000. At an average rate of 3 per cent it would seldom be less than \$75,000, and would sometimes exceed \$100,000, a consideration not lightly to be put aside in the solution of this question.

We have now reviewed the workings of the present treasury system before the failure of the First National Bank, when we had, in effect, the independent treasury system with a local bank of

deposit and collection. At that time the *taxes* were collected and sent to the treasury just as they are now, and the money was piled up in the treasury as it is now. Land payments, however, were then made almost entirely by personal checks which were deposited in the bank and collected by it without expense to the state or to the remitter. We have seen the changes produced by the bank's failure. For a time nothing but actual cash was received in payment of land dues, but the system has now been so far relaxed that postal and express money orders and exchange on Austin banks are accepted. The system as now operated is crude, antiquated, expensive, and entirely unsuited to the needs of a commercial community. While many of the present evils could be removed and the independent treasury still be retained, what is needed is a complete change of system, the substitution of the bank depository system for the one now in use. That system has been tried for many years in a great majority of the states of the Union, and with eminent success. It has been shown that, while there have been losses from bank failures, in general the funds have been securely kept and promptly returned to the channels of circulation, and that the income from the deposits for a single year would greatly exceed the combined losses in all the states during the last thirty years.

The time is now ripe for action. The state will have no difficulty in finding banks ready and willing to take the state money, to furnish ample security for its safe keeping, and to pay a reasonable return for its use. In the light of these facts, the adoption of the depository system by the state cannot be regarded as a matter of experiment. It is but to heed the admonitions of wisdom and experience.

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APPENDIX

The following table, containing the results of my correspondence with State Treasurers, shows the average balance in the treasury during the last three years, when largest, where kept and rate of interest paid where depositories pay interest. It also shows the number of depositories, how they are chosen, security required of them now, money lost or now tied up by bank failures, security given by the banks at time of such failures, the difficulties if any experienced by the banks in meeting the treasurer's drafts, and such remarks by the writers as might prove of interest. The Indian Territory is omitted and the data for Virginia are taken from Mr. E. R. Buckley's table (*ANNALS AMER. ACAD.*, vol. vi, p. 397).

STATES.	Average Balance.	When Largest.	Where Kept.	Rate of Interest	No. of Depositories.	By Whom Chosen
Alabama		Feb. to July.	Treasury vaults.			
Arizona	\$130,000	Jan.	Bank	None ..	1	(Phoenix National) Treasurer.
Arkansas	450,000		Treasury vaults.			
California	4,000,000	Jan. and July.	Treasury vaults.			
Connecticut	800,000	Dec. and Jan.	Banks ...	2½% ..	About 30.	By Treasurer
Colorado	1,800,000	May	Banks ...	2½ to 3½%	22	
Carolina, North	175,000	Jan. and July.	In banks .	None ..	72	By Treasurer.
Carolina, South	525,000	Nov. to March, inc.	In banks .	None ..	Number not limited	By State Board of Finance
Dakota, North	350,000	Dec. to April.	In banks .	3%	4	By Board of Auditors.
Dakota, South	620,000	March to June.	In banks .	None ..	Number not limited	By State Treasurer.
Delaware			In banks .		1	By law. State owns majority of stock in bank.
Florida	350,000	May and June	In banks .	2½% ..	7	By State Board of Finance.
Georgia	600,000 to 800,000	Jan.	In banks .	2%	45	Legislature names the towns and Governor appoints a bank in each.
Idaho	150,000	Jan. and Feb.	In banks .		Number not limited	By Treasurer.
Illinois	2,500,000		In Treasury vaults.			
Indiana	500,000	June	In Treasury vaults			
Iowa	500,000	June and Nov.	In banks in capital city.	None ..	11	By Executive Council of State.

Security Required.	Losses.	Money Tied Up.	Security at Time of Losses.	Difficulty in Meeting Drafts.	Remarks
					No changes desired.
Bank furnishes Treasurer's bond.					Many changes needed.
None		\$7,000 likely to prove a loss.	None	None	Not entirely satisfactory. Entirely satisfactory. Deposits are about 25% of capital and surplus of banks. System is satisfactory
Bonds in double amount of deposit.				None	
Bonds of known value equal to average deposit.		\$11,070 since 1897.	Same as at present.	None	Loss occurred by bank failure when deposit exceeded amount of security.
None, except good financial standing.	None "since Republican rule ceased in 1876."	None		None	Number of depositories should be limited
Bonds for double amount of deposit, with seven sureties	\$80,000 in 1896-7	\$20,000	Same as at present	None	Rate of interest should be reduced to 2%.
None	None	None	None	None	State should name banks, and take all responsibility.
None, other than State owns majority of stock and elects nine directors	None	None		None	Treasurer is relieved of responsibility in case of bank failure.
State and County bonds equal to amount of deposit.	\$25,000 in 1897.	None	None	None	State should avoid having large surpluses.
Personal or Guarantee Company bonds equal to amount of deposit.	None	None		None	Too many depositories.
State money made a "special deposit." State given a first lien on assets.	None	None			System is satisfactory.
					Treasurer is pleased with system.
Personal or Surety Company bonds.	None	None		None	

STATES	Average Balance.	When Largest.	Where Kept.	Rate of Interest.	No. of Depositories.	By Whom Chosen.
Kansas	\$422,222 to 470,000	Feb. and Aug.	In Treasury vaults and "Banks of Topeka."	None ..	5.....	By Treasurer, with approval of Executive Council of State
Kentucky	500,000	Nov., Dec. and Jan.	In banks.	2½% ..	3 to 5 ..	By Treasurer. Bank must have \$100,000 capital.
Louisiana	1,250,000	Jan. to March.	In banks.	Annual bonus of \$10,000	5.....	By Board of Liquidation of State Debt.
Maine	200,000	July and Dec.	In banks.	2% on part.	Varies ..	By State Treasurer.
Maryland	500,000	Sept.	In banks.	2%.....	10.....	By Treasurer, approved by Governor.
Massachusetts .	5,250,000	.....	In banks and Trust Companies.	1½% to 2½%	177....	By Treasurer, with approval of Governor and Council.
Michigan	2,500,000	Spring and Summer.	In banks.	2% to 2½%.	.....	By Attorney-General, Secretary of State and Treasurer
Minnesota	1,000,000	July to Sept.	In banks.	Active banks, 2%; others, 3%.	Not limited.	By a Board of Deposit.
Mississippi .....	.....	.....	In vaults.	.....	.....	.....
Missouri	1,000,000	Feb. to July.	In banks and Trust Companies.	2%.....	.....	By Governor, Treasurer and Attorney-General. Let to highest bidders.
Montana	500,000	Nov. and Dec.	In State banks.	.....	.....	By Treasurer.
Nebraska	500,000	May and Nov.	In banks.	2%.....	As many as needed.	By Governor, Attorney-General, and Secretary of State.
Nevada	200,000	June and Dec.	In Treasury vaults	.....	.....	.....
New Hampshire	400,000	Oct. to Dec.	In banks.	2%.....	20 to 30	By Treasurer.
New Jersey ..	1,000,000	July to Dec.	In banks.	None ..	100.....	By Treasurer.
New Mexico ..	1,500,000	Jan. and July.	In banks.	3%.....	7.....	By Governor, Auditor and Treasurer.

Security Required.	Losses.	Money Tied Up.	Security at Time of Losses.	Difficulty in Meeting Drafts.	Remarks.
Bonds approved by Executive Council	None	None . . . .	.....	None	Should be "Banks of Kansas" instead of "Banks of Topeka."
Personal or Surety Company bonds to amount of \$100,000 each.	None	None . . . .	.....	None	No changes desired.
Bonds in the sum of \$100,000.	None	None . . . .	.....	None	No changes.
None	None	None . . . .	.....	None	Interest should be charged on all de- posits.
Surety Company bonds for double amount of deposits.	None	None . . . .	.....	.....	System is satisfac- tory.
None	No ultimate losses, though banks have failed.	Small amount.	.....	.....	No changes to sug- gest.
"Bonds sufficient."	None	None . . . .	.....	None	Satisfactory.
Personal or corpo- rate bonds for double the deposit.	.....	\$35,000 since 1893-5.	Bonds, but sure- ties also failed.	None	Entirely satisfactory.
.....
Personal bond, and National, State or city bonds as collat- eral.	None	None . . . .	.....	None	Entirely satisfactory
Bonds in double amount of deposits.	None	None . . . .	.....	None	Satisfactory.
Approved bonds for double deposits.	\$300,000 lost and tied up (1893-7). Still in litigation.	.....	Same as at pres- ent.	Not now .	Trust funds should also be deposited.
.....	.....	.....	.....	.....	Satisfactory.
Same security given to individual de- positors.	None	None . . . .	.....	None	Banks should be se- lected by law.
None	None	None . . . .	.....	None	Satisfactory.
Bonds for double the deposits. Capital stock must be at least \$50,000.	.....	\$780.	Same as at pres- ent.	None	Satisfactory.

STATES	Average Balance.	When Largest.	Where Kept.	Rate of Interest.	No. of Depositories.	By Whom Chosen.
New York	\$7,200,000	May and Sept.	In banks .	1½% to 3%	150 . . .	By Treasurer and Comptroller jointly.
Ohio	1,200,000	Feb. and March. Aug. and Sept.	In Treasury vaults	.....	.....	.....
Oklahoma	500,000	Jan.	In banks .	2% . . .	.....	By Treasurer and approved by Governor and Attorney-General.
Oregon	900,000	May to Aug.	In vaults and banks.	None . .	Varies.	By Treasurer.
Pennsylvania	7,000,000	July and Aug.	In banks .	Active banks, 1½%; Others, 2%.	125 (5 active banks).	By Treasurer, approved by Auditor, Secretary of State and Treasurer.
Rhode Island	550,000	April, June, Aug., Dec.	In banks and Trust Companies.	2½ to 4%.	5	By Treasurer.
Tennessee	300,000	March and April	In banks .	None . .	Varies.	By Treasurer and Comptroller.
Texas	2,500,000	Jan. and Feb.	In vaults.	.....	.....	.....
Utah	244,000	Dec. to March.	In banks .	None . .	3	By Treasurer
Vermont	75,000	.....	In banks .	2% . . .	2	By Treasurer.
Virginia . . . . .	.....	.....	In banks .	Nominal rate	.....	.....
Washington . . . . .	.....	May and June.	In banks .	None . .	Not limited	By Treasurer
West Virginia . . . . .	.....	Jan. to July.	In banks .	3% . . .	65	By Board of Public Works.
Wisconsin	1,250,000	Feb. and Aug.	In banks .	2% . . .	Varies.	By Treasurer.
Wyoming	100,000	Jan. and Feb.	In banks .	None . .	.....	By Treasurer.

Security Required.	Losses.	Money Tied Up	Security at Time of Losses.	Difficulty in Meeting Drafts.	Remarks.
Bonds of guaranty companies for double deposits.	Very little. Not more than 1-1000% in 25 yrs.	None ..	.....	None	Satisfactory. State is preferred creditor.
.....	.....	.....	.....	.....	Satisfactory.
Surety bonds in sum of \$600,000.	None	None ..	.....	None	No changes desired.
No security is furnished. There have been no losses. Money is supposed to be kept in Treasury vaults, but some is kept in banks at Salem and Portland for convenience, at Treasurer's risk.					
Personal bond for double deposits, or U. S. bonds of equal amount.	None. Banks have failed, but losses made good by bondsmen.	None ..	.....	Nothing serious.	Entirely satisfactory.
None	None	None ..	.....	None	Satisfactory
"Bond"	None	None ..	.....	None	Satisfactory.
.....
Banks furnish Treasury bond in sum of \$700,000.	None	None ..	.....	None	Treasurer knows of no better system.
None	None	None ..	.....	None	Depositories should be fixed by law.
Personal security ..	.....	.....	.....	.....	.....
Bonds or other security.	Have been some losses, but as Treasurer is held responsible, he has made them good to the State.	.....	.....	.....	Interest should be paid.
Personal or Trust Company bonds.	None	None ..	.....	None	Too many depositories.
Bonds in double amount of deposits.	\$24,000 tied up since 1893, still on books and may be collected, in part.	.....	Personal bonds.	None	Surety Company bonds instead of personal bonds.
None	\$40,000 (1893).	None ..	None	None	Satisfactory.

TRUSTS AND PRICES

It is not the purpose of the writer to add another page to the growing volume of speculation on the Trust problem. The two thousand or more pages of expert opinion given before the Industrial Commission read very much like the usual expert testimony in criminal trials, in that the witnesses contradict on every point one another and not infrequently themselves. What we really need, to enlighten the discussion, is facts, not opinions. In this respect the Industrial Commission has performed a valuable service. Through its expert agent, Professor Jenks, it has collected a fund of reliable statistical data on prices.

We propose to consider in the following pages the effect of combination on the prices of raw material and finished products.

I.

The Industrial Commission concludes, in its Review of Evidence on the subject of combinations, that the latter are in a position to buy their raw material cheaper than their competitors. The Commission is inclined, however, to minimize the effects of this advantage. It is shown, *e. g.*, that the saving of the Sugar Trust on this item does not exceed one-sixteenth of a cent per pound¹; it appears, however, from the testimony, cited further, that if the competitors of the trust find it "difficult to secure a customer, they will cut the price perhaps one-sixteenth of a cent per pound. One or two of the chief competitors seem to be forced to put their prices quite frequently at one-sixteenth of a cent below that of the American Sugar Refining Company."² It would follow that this saving of "not more than one-sixteenth of a cent per pound" would enable the American Sugar Refining Company to meet the cut and still

¹ "Report of the Industrial Commission," Vol. I, Review of Evidence, p. 16.

² *Ibid.*, p. 18.

retain the former advantage over its competitors. The difference is, accordingly, one not to be treated as a negligible quantity.

The figures published on the subject of the prices of crude materials by the Commission relate only to the oil combination and have been furnished by Mr. Archbold, vice-president of the Standard Oil Company, and Mr. Boyle, editor of the *Oil City Derrick*, a witness friendly to the company. The tables confine themselves to Pennsylvania oil, which is a high grade product, and give the total amount of crude oil produced annually from 1860 to 1898, the total annual valuation of the product, the number of wells drilled by decennial periods and the estimated cost per well, from all of which the sum of \$263,968,413.75 is obtained "as the profits of the producing business for the last thirty-nine years, or an average of \$6,768,-420.86 per year."³ The result appears to be quite satisfactory, compared with the annual valuation of the product, which averaged, for the period from 1870 to 1890, in round numbers \$20,000,000, and from 1890 to 1898, about \$28,000,000.

These results are obtained, however, by combining the early period of oil production, when prices were generally high, with the later years, following the organization of the oil combination, which were marked by low prices of crude oil. Whether this was a mere coincidence, or there was a causal connection between the combination and low prices, can be ascertained only by treating each period separately. An element of uncertainty in estimates of this sort is the landed interest, which has varied, since the beginning of oil production, from one-half to one-eighth of the output. Mr. Boyle's calculation is made upon the basis of an average rental of one-fourth for the whole period 1860-1898; Mr. Archbold adopts the present rental of one-eighth throughout the period. The tendency of this assumption is to give the total an appearance more favorable to the oil producer.

As totals do not lend themselves to comparison, the figures must be reduced to averages. We first take the tables furnished by Mr. Boyle and calculate from them the averages per well drilled and per barrel of crude oil.

³" Report of the Industrial Commission," Vol. I, Testimony, p. 434.

	1860-69.	1870-79.	1880-89.	1890-98.
I. Averages per well :				
Output, bbls.	5,589	5,427	7,548	6,819
Value	\$22,228 00	\$10,395 00	\$6,457 00	\$5,886 00
Cost :				
Drilling	4,000 00	3,000 00	2,000 00	2,000 00
Lifting, 25c. per bbl. . . .	1,397 00	1,357 00	1,887 00	1,705 00
Land interest, 25 per ct. . .	5,557 00	2,599 00	1,619 00	1,472 00
Total cost	\$10,954 00	\$6,956 00	\$5,506 00	\$5,177 00
Profit	11,274 00	3,439 00	951 00	715 00
II. Averages per bbl.:				
Price	\$3 98	\$1 92	\$0 86	\$0 87
Land interest	\$0 99	\$0 48	\$0 21	\$0 22
Cost of production	96	81	52	54
Total cost	\$1 95	\$1 29	\$0 73	\$0 76
Profit	2 03	63	13	11

In this calculation the bonus, or rental paid for holding the ground, is not considered at all. Mr. Boyle concedes that "it operates against the profits;" he concedes also that it is necessary to pay this bonus in order to pursue the business, but he thinks that "the lease is speculative" and should therefore not enter into the cost of operating.⁴

Granting, for the sake of the argument, the contention to be correct, it appears nevertheless that within the last two decades, *i. e.*, since the organization of the oil combination, the average profits of the producer have been reduced from \$3.439 to \$715 per well, or from 63 cents to 11 cents per barrel. The average price has for the last two decades remained constant, as well as the average cost of operating: that is to say, in the long run, the fluctuations within each decade, extreme as they were, affected neither the average price, nor the average cost. This stability points to an equalization of supply and demand, when taken for periods of sufficient length. The inference is sustained by a comparison of the average annual production with the total stocks on hand before and after the organization of the trust. In the following table the year 1882, in which the trust was organized, is excluded and the averages are taken by eight-year periods.

⁴"Report of the Industrial Commission," Vol. 1., Testimony, p. 435.

Period.	Average annual production.		Average stocks.		Average price.
	1000 bbls.	Percentage of increase over preceding period	1000 bbls.	Percentage of annual production.	
1874-81	14,307	. .	8,660	60	\$1 40
1883-90	23,448	64	25,832	110	86
1891-98	32,894	40	11,029	33	86

During the first period following the organization of the trust the production of crude oil increased by 64 per cent as compared with the period next preceding, which resulted in an increase of the stocks slightly above the amount of the annual output. The oil combination justly claims the credit for having brought American oil into every nook of the world; in view of this fact an increase of the output by about three-fifths, while the population of the United States increased by one-fourth, could not be termed overproduction. During the next eight-year period, however, the average annual production increased only by 40 per cent, whereas the population of the United States, according to the XIIIth census returns, increased by about one-fifth; at the same time the average stocks of oil were reduced to 33 per cent of the annual production, which is equal to the output of four months; still this contraction of the output had no effect on the price. There is no evidence of either overproduction, or reduction of cost of operating. But the price of crude oil was during these years made by the trust,—this was admitted by its representatives who testified before the Industrial Commission. There is no escape from the conclusion that the fall of nearly 80 per cent in the profits per well must have come from the efforts of the trust to keep the price of crude oil down.

The average profits per well, taken for an eight-year period, do not tell the whole story, however, since a well becomes dry, as a rule, in about six months. To form a better idea of the condition of the oil producer, we shall compare the average cost of operating per barrel with the prices ruling for shorter periods. Taking the average monthly prices up to 1894 and the daily prices since 1895, as given in the Report of the Industrial Commission,⁵ and converting gallons into barrels (42 gallons = 1 bbl.), we obtain the following table:

⁵ "Report of the Industrial Commission," Vol. I, Testimony, pp. 48-50, 434-439.

Date.	Price.	Averages per barrel.			Net loss.
		Rental (= 1/4).	Drilling and lifting.	Total cost.	
January, 1884	\$0 63	\$0 16	\$0 52	\$0 68	\$0 05
January to October, 1884:					
Highest	07	17	52	69	02
Lowest	02	15	52	67	05
January to September, 1887:					
Highest	07	17	52	69	02
Lowest	50	15	52	67	08
January to 1890	07	17	52	69	02
April, 1891, to October, 1893:					
Highest	71	18	54	72	01
Lowest	51	13	54	67	16
August, 1897, to February, 1898:					
Highest	71	18	54	72	01
Lowest	63	16	54	70	07

Thus, relying upon the figures furnished by the editor of the *Oil City Derrick*, we arrive at the conclusion that within nine years out of seventeen since the organization of the trust, the average monthly price of crude oil fell at times below the average cost of operating; such a condition continued in 1886 for five months, in 1887 for eight months, and in 1891-93 for two years and seven months in succession. Even amidst the prosperity of 1897 and 1898 the price of crude oil was for more than half a year below the cost of operating.

In the preceding table the rental is figured at one-fourth of the gross product, as estimated by Mr. Boyle; the result is not materially changed, however, if Mr. Archibold's estimate is accepted, as shown by the following table, where the rental is figured at one-eighth:

Date.	Averages per barrel.			Net loss (cost = 54 cents).
	Price.	Rental (= 1/8).	Realized.	
September to December, 1891:				
Highest	\$0 60	\$0 07	\$0 53	\$0 01
Lowest	58	07	51	03
January, 1892, to February, 1893:				
Highest	60	07	53	01
Lowest	51	06	45	06
March to August, 1893:				
Highest	59	07	52	02
Lowest	58	07	51	03

Thus, according to the showing made by a vice-president of the Standard Oil Company, there were within the space of two years, from September, 1891, to August, 1893 (both inclusive), just three months when the average price of crude oil repaid the cost of operating, viz., January, 1892, and March and April, 1893; during the rest of the time the price was from 1 to 9 cents per barrel below the cost of operating.

The question naturally arises, Why did the producer supply the market for two years in succession at prices which did not cover the cost of production? The answer is given by Mr. James W. Lee, of Pittsburg, Pa., president of three independent oil companies, and attorney for the fourth. The following is taken from his testimony before the Industrial Commission:

"Q. Perhaps you might explain to the Commission why the production could keep up under these circumstances. A. It is a speculative business. One man would come in and drill awhile, get a thousand-barrel well and grow rich. The hope of that sort of thing led men to put a great deal of money into drilling these wells. They all hoped to get large wells; they did not find them. More money has been put into the business in ten years than has been taken out of it. Still people make money often, though prices are low. There are wells that run as high as 15,000 barrels a day. Of course a man who has a well of that kind will make a large amount of money."⁶

Thus, average prices do not repay the average cost of production, which is considered by the economist; a speculator is not guided, however, by school books on Political Economy, he figures upon exceptional gains and the improvement of prices. The policy of the trust has largely contributed towards making the oil business a lottery. Says Professor Jenks:

"The independent oil producers have said much about the arbitrary acts of the Standard in fixing the prices of crude oil. The charge of arbitrary action is conceded by the Standard to be true in special cases. That organization has at times in special localities raised the price of crude oil till it has ruined a rival pipe line, which was also a buyer, and then, on the absorption of the line, has lowered it again to the great disadvantage of the oil well owners. At times, too, where it has been almost the sole buyer of crude oil, it has kept prices so low that well owners were practically compelled to sell out to it; then it has raised the price."⁷

⁶"Report of the Industrial Commission," V. 1, I, Testimony, pp. 282-283.

⁷"The Trust Problem," pp. 155, 156.

A few instances of price fluctuations are quoted here from the tables compiled by Professor Jenks. From January to July, 1884, the price per gallon of crude oil at Oil City fell from 2.65 cents to 1.51 cents; from January to October, 1885, it went up again from 1.60 to 2.50 cents; towards the month of August of the next year it fell again to 1.48 cents. From November, 1889, to December, 1890, the price fell from 2.58 to 1.60 cents. From November, 1894, to April, 1895, it rose from 1.97 cents to 4.22 cents. From January to December, 1898, the price went up from 1.50 cents to 2.79 cents, and towards December of the next year it rose as high as 4.13 cents. The average price for 1880-89 is obtained by computation at 2.04 cents per gallon, and that for 1890-99, at 2.19 cents. Thus the fluctuations within a few months ran at times as high as 90 per cent above the average price.

This would leave little room for sound business calculations, since it was a mere matter of chance with the oil producer, in undertaking to drill a well, whether the price of crude oil would be doubled or cut by one-half.

It is the opinion of Professor Jenks that arbitrary interference with prices by the trust was limited to special localities and on the whole "produced no great effect on the entire market. . . . The greater general changes seem to have been due to the changes in supply brought about by other causes."⁸ His figures, however, justify a different conclusion. To confine ourselves to the period following after the organization of the Standard Oil Company, the depression in 1891 to 1893 is ascribed to the discovery of a new field in Pennsylvania with some of the largest wells ever known in this country. Still referring to the tables, we find that the stocks of Pennsylvania oil in 1892 were one-half those in 1882, and yet the average price in 1882 was 78½ cents, while in 1892 it was 55½ cents. In 1893 the stocks were only 5 per cent above those in 1898, and the production was 1 per cent less than in 1898, and yet the price in the latter year was 91¼ cents, while in 1893 it was 64 cents. In 1895, "the market was largely speculative for a time,"⁹ and it was claimed "that the advance in crude oil was largely arbitrary" and intended to overthrow the independent refiners; the contention is not disputed by Professor Jenks. The decline in 1897

⁸ *Ibid.*, p. 156.

⁹ *Ibid.*, p. 157.

is ascribed to the opening of the West Virginia fields; yet the annual output was affected only to the extent of 1,200,000 bbls., an increase of $3\frac{1}{2}$ per cent,—and the stocks on hand were increased by a like quantity; so whereas in the preceding year they had been equal to the output of fourteen weeks, in 1897 they reached the output of sixteen weeks; this could hardly be spoken of as over-supply of the market, and yet the price fell from \$1.19 to $78\frac{3}{8}$ cents per barrel. These are all the cases cited by Professor Jenks in support of the proposition that the greater general changes in prices have been due to changes in supply, and from these cases, at least, it does not appear that supply and demand had any part in determining the price within the periods referred to.

To sum up, the fact is established by the testimony on behalf of the Standard Oil Company that the trust at times depressed the price of crude oil below the cost of production; in so far as this was done only in special localities it added to the profits of the trust, without benefiting its competitors. This answers the familiar argument that no special advantage accrues to an industrial combination from reducing the cost of raw material, since the benefit would be shared by the independent producers alike.

II.

We come next to the price of products made by trusts. The complaint against the trusts is that they have raised the prices of manufactured products and introduced the practice of local discrimination to kill competition. The answer is a "general denial."

The Industrial Commission made a thorough study of prices, confining itself to but a few articles. The Civic Federation of Chicago, in 1899, sent out interrogatories to a number of persons who were thought competent to speak on the subject. The answers received were tabulated by Professor David Kinley, of the University of Illinois; the results are reproduced in the following table:¹⁰

Prices after consolidation.	Number of answers.
Increased	452
Decreased	24
No change reported	15
Fluctuating	15
Total	506

¹⁰ "Chicago Conference on Trusts," pp. 530-533.

It is claimed in justification of the general rise of prices of finished products, that it is due to a rise in the prices of raw materials; thus, e. g., the rise in the price of tinplate is explained by the rise in the prices of steel and tin. While the explanation may hold good in many cases, it merely shifts the blame from one trust to another, since the production of raw materials is also largely controlled by trusts; the fact still remains that about nine-tenths of trust-made articles increased in price. The exhaustive study made by Professor Jenks for a few selected articles leaves no doubt that the margin between the selling price and cost of material has been raised by combination. If the conditions were exceptional in these cases, it would have been easy for the combined producers of other articles to demonstrate it before the Commission by figures drawn from their books. No such testimony has been offered and the conclusions of Professor Jenks stand uncontroverted.

On the subject of local discriminations an abundance of figures is presented by the Industrial Commission. There is, in the first place, a table of monthly prices of standard white illuminating oils at New York, Chicago and Cincinnati for the fifteen-year period 1887-00; the table is given with the testimony of Mr. Archbold, and is thus above suspicion of prejudice against the Standard Oil Company.¹¹

An examination of the table shows that, as a rule, the price at Cincinnati is lower than at Chicago, and at Chicago lower than at New York, which must be accounted for by some permanent reason. Still it appears that on many occasions the situation was reversed.

Thus, oil sold cheaper at New York than at Chicago: in November, 1887; in February and August, 1888; from May to July, 1889, and in November of the same year; from March to June, 1890, and in November of the same year; in September, 1891, and from November of the same year to January, 1892; in January, May and October, 1893, and from December of the same year to February, 1894; in September of the same year.

The New York price fell below the price at Cincinnati: in September and October, 1888; from August to October, 1889, and in December of the same year; in February and March, 1893; in March, 1894, in May and June and from August to October, 1895.

¹¹ "Proceedings of the Industrial Commission," Vol. I, pp. 547, 548; the same in the "Bulletin of the Department of Labor," No. 20, pp. 725, 726.

The Chicago price was below that at Cincinnati: in May, June and September, 1892; from April to October, 1895; in July, August and October, 1897; and in March, 1898. These fluctuations cannot be adequately accounted for by any other agency but local fluctuations of supply and demand.

In addition to this study of three important markets, extending over a number of years, the Industrial Commission has also a contemporaneous survey of over fifteen hundred local markets, representing every State in the Union and coming from towns of all varieties of size and characteristics.¹²

The information was received in reply to a schedule of inquiries which had been addressed to retail grocers throughout the United States. Four articles were selected, because of the fairly uniform quality of the product—illuminating oil, sugar, salt and Royal Baking Powder, and the grocers were requested to give the prices paid on February 15, 1901, or on the nearest day when purchases of these articles had been made. Taking illuminating oil, variation in price may proceed from one of the following causes: (1) difference in cost of production at different sources of supply, (2) freight rates, (3) cost of distribution, which is likely to be in inverse ratio to the quantity sold in any given market, (4) cartage, which is presumably higher in a great city like New York, than in a small hamlet. The following table is constructed from the data of the Commission, with a view to eliminating the first two causes of variation; all cities enumerated in the table are supplied by the Standard Oil Company from the same refinery, located at Whiting, Ind.; the last column shows the net price, after deducting freight charges; the cities are arranged in the order of their population.

It is evident from this table that neither the size of the market nor the cost of cartage offers a satisfactory explanation of the variations in the net price of oil. Here are two cities, Indianapolis and Kansas City, substantially alike in population, and yet the price at the latter is 36 per cent above that at the former. Little Rock, Ark., and Dubuque, Iowa, have also substantially the same population, and yet the price at Little Rock is 1.55 cents per gallon above that at Dubuque. Vicksburg, Miss., and Cheyenne, Wyo., are also equal in rank, and yet there is a difference of 3.1 cents per gallon, or nearly 40 per cent.

¹² "Report of the Industrial Commission." Vol. XIII pp. 773-911.

Cities.	Population, 1900.	Gross price per gallon	Freight per gallon.	Net price per gallon.
San Francisco, Cal.	342,782	\$o 13	\$o o5	\$o o8
Louisville, Ky.	204,731	o7	oo.74	o6.26
Indianapolis, Ind.	169,164	o5.5	oo.5	o5
Kansas City, Mo.	163,752	o8.5	o1.7	o6.8
St. Paul, Minn.	163,065	o8	o1.3	o6.7
Denver, Col.	133,859	16	o4.9	11.1
Portland, Oregon	90,426	14	o5	o9
Seattle, Wash.	80,671	13.5	o5	o8.5
Des Moines, Iowa	62,139	o8	o1.5	o6.5
Lincoln, Neb.	49,169	10	o1.9	o8.1
Little Rock, Ark.	38,307	11.5	o1.9	o9.6
Dubuque, Iowa	30,297	o9	oo.95	o8.05
Madison, Wis.	19,164	o8	oo.8	o7.2
Atchison, Kan.	15,729	o9.5	o1.7	o7.8
Vicksburg, Miss.	14,834	o9.5	o1.5	o8
Cheyenne, Wyo.	14,087	16	o4.9	11.1
Sioux Falls, S. Dak.	10,266	10.5	o1.8	o8.7
Fargo, N. Dak.	9,589	12.5	o3	o9.5

On the other hand the price at Denver is precisely the same as at Cheyenne, Wyo., though the population of the former is nearly ten times as large as that of the latter. San Francisco and Vicksburg, Miss., are charged the same price, though the former has a population twenty-three times as large as the latter. Indianapolis pays the lowest price; if the increase in the size of the city carries with it increased cost of distribution, then there are at least thirteen cities, beginning with Denver, where the price ought to be lower than at Indianapolis; if, on the contrary, the larger the market, the lower are the selling expenses, then one would expect the price at San Francisco to be the lowest, whereas in reality it is 60 per cent above the minimum. The difference in population and size between Indianapolis and Denver does not seem to be such as to account for the fact that the net price at Denver is more than double what it is at Indianapolis, while the price actually paid is nearly treble.

Let us now take at random a few instances within the same States. In Arkansas the highest price, 15 cents per gallon, is charged at Hot Springs, with a population of 9,973, and the lowest, 11 cents per gallon, at Helena, with a population of 5,550. The former, with a population nearly twice as large as the latter, ought to have the advantage coming from larger sales, while both are so small in size that there can be no material difference in cartage. Oil

is supplied in both cases by the Waters-Pierce Oil Company, a branch of the Standard. The freight rate from Whiting to Little Rock, Ark., is 1.9 cents per gallon; the local difference in freight between Hot Springs and Helena cannot explain a difference in the price as high as 4 cents.

For New Jersey we have the following figures :

City.	Population.	Gross price per gallon.
Hoboken	59,364	\$0.07
Jersey City	206,433	08
Bayonne	32,722	08
Newark	246,070	08½

Why is the price not affected by the distance between Jersey City and Bayonne, whereas the same distance between Jersey City and Hoboken results in a difference of 1 cent on the price, and the greater distance between Jersey City and Newark adds only ½ cent? Why is the difference between the price at Hoboken and that at Newark as high as 1½ cents per gallon, exceeding the freight from Buffalo to points in New Hampshire or Vermont? These are queries for which neither the cost of cartage nor the size of the market seems to offer an adequate answer.

Taking the State of New York, at Buffalo, which is one of the great distributing centres, the price is 8 cents, whereas at Cohoes, a town with a population of 23,910, a few miles from Albany, it is 6½ cents. Albany is supplied from Buffalo, the freight rate is ¾ cent per gallon. Thus the reduction in favor of Cohoes amounts to 2¼ cents per gallon, or to more than 25 per cent of the price at Buffalo. It does not seem clear why the cost of distributing oil within the city of Buffalo should be as high as 2¼ cents per gallon, while the variation between Jersey City and Newark is only ½ cent.

In Virginia, the price at Norfolk, a seaport with a population of 46,624, is 9 cents, while at Winchester, an inland town with a population of 5,161, it is 6 cents per gallon. A difference of 3 cents could not well be accounted for by the cost of cartage within the city of Norfolk, when it is considered that the highest price in New York City, 9 cents, is only 2 cents in excess of the price at Rensselaerville,

Rensselaer County, which, like Winchester, enjoys the privileges of the "most favored" towns. The examples might be increased at pleasure.

The reason for these variations is evidently to be sought in local fluctuations of supply and demand. This explanation is directly corroborated by the testimony of Mr. Monnett, former attorney-general of Ohio. He submitted a table showing the Standard Oil Company's prices of kerosene from tank wagons on the same day in thirty towns in Michigan and Ohio, of which there were twelve where the Standard Oil Company had competition, and eighteen where it had the local market all to itself. In the former towns the price varied from $4\frac{3}{4}$ to $6\frac{1}{2}$ cents per gallon, whereas in the latter it stood at from $7\frac{3}{4}$ to $8\frac{3}{4}$ cents.¹³

An examination of the prices of Royal Baking Powder would simply duplicate what has been stated above. It is needless to inquire into the figures relating to sugar and salt, since it has been candidly admitted before the Commission on behalf of the American Sugar Refining Company and the National Salt Company that local discriminations are practiced to meet competition.¹⁴

The foregoing data seem to indicate that the prices charged by trusts for their products have little or no relation to the costs of production and distribution.

Where the combination controls the bulk of the output, competition will as a rule be only local. Within the domain of monopoly the level of prices will be determined by the mathematical rule of maximum and minimum: the price may be high or low, according to whether greater net results could be secured by smaller sales at higher prices, or by larger sales at lower prices. In markets of equal size, it would seem, the net price (*i. e.*, the selling price less the cost of transportation) would tend towards uniformity. Within the competitive field prices ought to be regulated, in the long run, by cost of production. The combination, however, enters as a disturbing factor. On the one hand, monopoly profits secured in some markets enable it to cut the prices below the normal competitive level in others. On the other hand, to recoup for the loss in the competitive market, the price may be raised even above the normal monopoly level where the market is controlled by the combination.

¹³ "Report of the Industrial Commission," Vol. I Testimony, p. 317.

¹⁴ *Ibid.*, Vol. I Testimony, p. 118; Vol. XIII p. 262

The raise may perhaps reduce consumption; still a part of the supply would probably have to be diverted, in any event, from the non-competitive market, in order promptly to meet the increased demand at abnormally low prices in the competitive market; so the elements of the calculation being changed, the maximum returns would be produced by a new price.

Thus where a combination is in practical control of the output, competition of independent producers will not steady prices, but on the contrary will widen the range of price fluctuations beyond what they would be either under free competition, or under unrestrained monopoly.

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COMMUNICATION

THE TEST OF THE MINNESOTA PRIMARY ELECTION SYSTEM

If we may believe a few deep thinkers and a host of superficial ones, the present trend of thought is away from the old faith in democracy, which characterized the political thinking of the last century. Some few do not hesitate to pronounce the democratic movement of the nineteenth century wrong in principle and a failure in practice. Others less extreme express grave doubts as to its value. They believe that democracy has not done and cannot do a tithe of what its early champions claimed for it. At the same time they suggest that already the principle has been applied as far or even farther than is desirable. Yet, as if to make light of these pessimistic thinkers, there is at present in the United States a strong tendency to put into operation various political devices that once generally adopted, will extend the sway of democracy far beyond anything hitherto known in any of the large democracies of the world. Of these devices the two that appear to find the greatest favor in the United States are the referendum and the primary election. Within a few months the city of Chicago and the State of Washington have experimented with the referendum or taken steps to do so. In Minnesota, on September 16, the primary election system received a trial in a constituency sufficiently large, widely extended, and socially diversified to furnish a real test of the system. It is the purpose of this article to present in concise form an analysis of the latter experiment, seeking to indicate exactly what the test has shown upon the various points that must be considered in deciding whether the system is a failure or a success.¹

In 1899 the Minnesota legislature decided to test the primary election system. The experiment was tried in the largest county in the state, Hennepin. The passage of the law was not due to any very general and insistent demand even in Hennepin County. The old caucus and convention system had not been marked there by any abuses more flagrant than elsewhere, while the attendance upon the caucuses of the dominant political party had been higher than the average of similar communities in other parts of the country. The law was enacted principally because an able, progressive and energetic member of the Hennepin County delegation persuaded his colleagues of the delegation to favor the measure and then the legislature accepted it as measures of a local character are commonly accepted by legislative bodies.

¹This study is based upon: (1) Official election returns; (2) personal knowledge, particularly for Hennepin County and the city of Minneapolis; (3) the post-election issues of about 125 different newspapers. There are about 650 newspapers published in the state. Excluding religious, industrial and fraternal newspapers this is about 25 per cent of the newspapers. Practically all of the dailies have been used.

Under this law Hennepin County tried the system in 1900.² Upon the whole the trial was favorable to the system. It brought to the polls 89.2 per cent of the voters, who subsequently voted at the general election. The quality of the nominees in general was much superior to previous selections; particularly was this true of the aldermanic candidates. Public opinion was nearly unanimous in favor of the system. All the newspapers pronounced it a success and no man of prominence took a firm stand against it. The general opinion was that the one bad result was an accident, liable to occur under any method and not fairly chargeable to the system alone.

The law under which the recent test was made was enacted by the legislature at a session beginning a few weeks after the test in Hennepin County. That success was the chief argument for and the principal reason of its passage. The public demand for such a law was only fairly strong, not irresistible. It was not based upon a strong desire to get relief from intolerable abuses, but upon the ground that Hennepin County had a more perfect system and that the remainder of the state was entitled to the same privilege. There was considerable opposition to the measure in the legislature and it had to be amended by leaving out the state officials before its passage could be secured. This opposition was not to any considerable extent along party or locality lines, but appears to have been due to temperamental causes and real or fancied personal interest.

In brief, the chief provisions of the law are as follows.³ At least twenty days before the primary election persons who desire to become candidates for party nomination must file affidavits and pay small fees to the county auditor if the constituency lies wholly within one county. The Secretary of State acts in place of the auditor for larger constituencies. The affidavits must state among other things that the candidate is a qualified voter and that he belongs to the political party whose nomination he seeks.⁴ This done, the candidate's name is placed upon the ballot of his party. These ballots are prepared by the proper public officials in precisely the same manner as for a general election, except that there is one ballot for each political party. In the eyes of the law a political party is dead if it did not poll 10 per cent of the total vote at the preceding general election. If a party is excluded by the operation of this provision, it can obtain restoration by the presentation of a petition bearing the signatures of 10 per cent of the voters. The primary election occurs upon the first of the three general registration days, which is seven weeks before the general election. By registering for the general election, the voter becomes entitled to take part in the primary election. In general, the procedure differs from that of the regular election day, only in that the voter must ask for the ballot of

² See the *ANNALS* for September, 1902, pp. 145-146.

³ *General Laws of Minnesota*, 1901, chapter 216.

⁴ The law contains no definition of party membership for the purpose of candidacy. It has such a provision for voting purposes. In at least one case a candidate for a nomination found that he could not vote for himself, because for voting purposes he belonged to another political party.

the political party to which he belongs, and if his right to the ballot that he calls for is challenged, he must swear in his vote. A rule is provided to determine what constitutes party membership for voting purposes. The rule is that the voter belongs to the party "whose candidates he generally supported at the last general election, and with which party he proposes to affiliate at the next general election." In other words, he must have once supported the party and intend to support it at the approaching election. After the primary election has determined the party nominations, independent candidates can be placed upon the ticket by petition of 5 per cent of the voters, but no person who was beaten at the primary election can become an independent candidate.

In forming a careful judgment upon the recent test of the system just outlined, the following points are of prime importance: the size and distribution of the vote; whether party nominations were actually made by members of the party; the quality of the men who offered themselves as candidates for party nominations; the quality of the successful candidates; the kind of methods employed in the campaign prior to the day of voting; the effect of the primary system upon party organization, methods, and subsequent success; the attitude of the people towards the system after its trial.

In size the vote did not correspond exactly to the expectations of either the friends or the foes of the system. In the general election of 1900 the vote of the state for Congressmen² was 317,936. The corresponding vote at the recent primary election was 175,235, or 55.7 per cent of that polled at the preceding general election. The vote of the dominant party (Republican) was 78.8 per cent, while the Democratic vote was only 26.3 per cent. In the absence of statistics to show the number of votes commonly cast at the caucuses under the old system, it is not possible to determine how great an improvement this was in the size of the vote. In the city of Minneapolis, where attendance at the caucuses was probably far beyond the average of the state, the dominant (Republican) party seldom secured an attendance of over 35 per cent of its voters. The attendance at the Democratic caucuses was much less. The fact that the vote at the recent test was not larger disappointed enthusiastic supporters of the new system, since it was much smaller than three previous local trials had led them to anticipate. At Minneapolis in 1900 in the mayoralty contest, 89.2 per cent of the vote subsequently cast at the regular election was polled. At Duluth, in December last, in a municipal election the vote was 69.8 of that subsequently cast. In the St. Paul municipal election a little later an even better showing was made, when 94.6 per cent of the vote was cast at the primary election. Many reasons have been offered to explain why the vote at the recent trial was not larger. Of the many suggested, six certainly operated to keep down the vote. (1) Many members of the minority parties did not vote. (2) Lack of sharp competition kept down the vote in many localities. (3)

²The congressional vote is selected as the basis of comparison because it probably represents about the average of the votes and is the only one for which official figures are yet obtainable.

Large numbers of farmers could not or would not leave their work in order to vote. (4) The absence of great political excitement operated everywhere to reduce the attendance at the polls. (5) The novelty of the system accounts for the absence of many voters. (6) A serious objection on the part of the voters to one feature of the system kept many persons from taking part.

In the entire state the Democratic party cast only 26.3 per cent of the vote that it had polled at the previous general election, while the other minority parties secured only 4.2 per cent. These figures undoubtedly indicate that many members of the minority parties remained at home, although there was a special reason to account for the disappearance of much of the minority vote, as will presently be shown. A study of the Democratic vote by counties would make this still clearer. In several counties it was less than 10 per cent, the average being raised very much by quite large votes in a few counties. The occasion for this is to be found in the second and sixth of the reasons for the small size of the vote.

Lack of sharp competition for the nominations on the part of either of the two leading parties, it goes without saying, would much reduce the vote. The extent to which this actually operated may be seen in a table showing the distribution of the congressional vote by districts.

Congressional Vote by Districts

	1	2	3	4	5	6	7	8	9
Total vote at the primary election in 1902, compared with the vote at the general election in 1900.....	57.9	39.5	46.8	54.2	78.1	56.1	55.6	64.8	47.4
Republican vote similarly compared..	88.5	63.2	60.3	58.7	92.8	74.4	89.1	94.0	86.7
Democratic vote similarly compared..	19.0	17.5	29.6	46.4	65.8	35.4	— 6	22.1	4.0

In the second district, it will be noted, the total vote is much below the state average of 55.7 per cent. There the Republican and Democratic tickets each had but one candidate for the congressional nomination. Every county in the district has a large Republican majority, and sharp contests for the county and legislative nominations enabled the Republicans to get out a fair vote, despite the lack of a congressional contest. The Democrats, however, with no prospect of electing any of their candidates, had no contests and consequently had a vote so small that it pulled down the percentage of the total vote in the district to the smallest in the state. Only two districts have total votes much above the state average. In one of these, the fifth, it will be observed that both parties considerably exceeded the state average for the total vote, as well as their respective party averages. This was due in

⁶ No Democratic candidate in this district.

part to the fact that the district is mainly an urban community, but principally to keen competition for places upon both tickets. The fact that the Republican party has carried every congressional district in the state at every election since 1804 and has a majority of seventy-two out of the eighty-two counties made Democratic nominations little sought after. Lack of contests for Democratic nominations made the vote of that party small and contributed much to the smallness of the total. A comparison of the party votes by counties would show some wide variations even in the dominant party. Further investigation would show that in almost every case where the vote is particularly small it was due to the absence of a sharp local contest. A complete study of the counties would also show that in a surprisingly large number of them there was no particular contest on one or even both tickets. The state and district averages of both parties are due quite largely to high averages in a few counties. In Dodge County, to cite a single example, the Republican vote was 128.6 per cent of what it had been in the general election of 1900.

The size of the total vote was perhaps most seriously affected by failure of the farmers to vote in as large numbers as had been expected. At the present writing it is not possible to determine with accuracy the distribution of the vote between urban and rural districts, but there can be no doubt of the fact that the rural vote was small. Almost every country newspaper commented upon it, giving as the reason that the farmers were too busy to vote. The backwardness of the season, which had delayed their work, is largely responsible for this abstention. Naturally this absence from the polls on account of pressing farm labors was much greater in the northern than in the southern counties. The small vote in the ninth and in the northern portion of the seventh districts is to be explained in this way. Otter Tail County, the largest in the ninth district, cast only 22.1 per cent of its vote, although the fight for the Republican nomination was one of the fiercest in the state. A comparison of two county votes in the seventh district will show the operation of this cause still more clearly. Traverse County is upon the northern boundary of the district, Lyon County upon the southern. Lyon County cast 66.1 per cent of its vote, Traverse County only 36.6 per cent. The candidate who was generally picked as the probable winner had his chief strength in the northern end of the district. He stood third in the race.

It is very difficult to determine with any degree of certainty just how far the novelty of the system affected the vote. Opponents of the system have declared that the novelty of the system was favorable to a large vote, and have pointed to the fact that in Minneapolis, St. Paul and Duluth, the vote at the second trial of the system was smaller than at the first trial. The matter does not admit of much proof. My own impression is that the novelty of the system diminished the vote. The country newspapers in large numbers, whether for or against the system, mention the novelty of it as one of the reasons why the rural vote was not larger. In the cities and villages more of the voters had been accustomed to attend the caucuses at

least occasionally and so were in the proper frame of mind to take up with the system promptly. In the country many of the voters had never concerned themselves about nominations until they were made: such voters could not be expected to make use of the system in as large numbers as may be expected later on.

One feature of the scheme, as provided for in the law, proved decidedly unpopular and did much to reduce the vote. Everywhere large numbers of voters objected to the provision requiring them to disclose their political affiliations. In some places quite a number registered for the general election, but refused to vote at the primary. The firemen in the city of Minneapolis very generally did so. Many voters undoubtedly remained away, knowing the requirement of the law. There is no one point about the operation of the scheme concerning which the newspapers so entirely agree. It may be said that it worked badly in communities where one party has a large majority. Members of the minority parties especially object to disclosing their politics. In the city of Minneapolis and to some extent elsewhere, it was announced that the campaign committees of both parties would have men at the polls to make a record of political affiliations. This announcement certainly kept many voters away from the polls.

In one respect the intention of the law was openly disregarded. The requirement that each voter must declare the party to which he belongs was intended to make certain that none but Republicans should be permitted to vote for Republican candidates, and none but Democrats for Democratic candidates. The proof that this was not actually secured is overwhelming. The smallness of the Democratic vote in the state would of itself argue that some Democrats had voted the Republican ticket. Republican newspapers in all parts of the state, except in Democratic counties, declare that many known Democrats were allowed to vote the Republican ticket: challenges were almost unknown, and the judges appear to have invariably permitted the voter to swear in his vote. The large vote which the Republicans cast in Dodge County has been already alluded to. Much of it was doubtless due to the fact that sharp competition for the nominations brought out an unusually large number of Republican voters. Where the rest came from may be discovered by comparing the Democratic vote at the primary with the preceding general election vote. At the primary the Democrats cast 27 votes: at the last general election they had cast 904 votes. In 1900 the town of Graceville was a Democratic stronghold. The Democrats had 177 votes, the Republicans 95. At the recent primary one Republican candidate there polled 201 votes, another 94, and a third 7. The Democratic ticket received but 6 votes. It is, of course, obvious that at least one and probably two Republican candidates were assisted by Democratic votes. In strongly Democratic counties precisely the opposite took place. Republicans preferred to sacrifice their opportunity to assist in the selection of the Republican nominee for Congress, in order that they might exercise a choice among the Democratic aspirants for county office. In Shakopee, located in a Democratic county, the lowest Republican vote in any ward at the 1900 election was 150. At

the recent primary election in two wards there was not a single Republican vote. The Republicans openly voted the Democratic ticket. As a rule, in all counties where one party had so large a majority that a county nomination was tantamount to an election, the members of the minority party quite generally voted the ticket of the majority party. In some places where the parties were more evenly divided it may be that members of the minority party voted the majority ticket in order to put weak candidates upon it. I do not think, however, that this was often done. I have only found two newspapers making the charge, and in neither case was there any specification of detail. The members of the minority party who voted the majority ticket seem to have done it because no objection was offered and they had been solicited to do so by aspirants for nomination.

In the long run the success or failure of the primary election system must depend largely upon the kind of men that it encourages to become candidates for nomination. Opponents of the system have argued that under it an inferior class of men will offer as candidates, since even a nomination cannot be secured except after that sort of campaigning which is often distasteful to men who would make excellent officials. Friends of the system have claimed that a better class of men will come forward as candidates, believing that the people will deal more justly with them than would conventions manipulated by politicians. The recent trial did not settle the question nor did it afford any very clear indication of the tendency. All sorts of men offered themselves as candidates. The opponent of the system who declared that few good men would come forward proved to be a false prophet. The champion of the system who predicted that unfit men would not consider it worth their while to become candidates was no more adept in prophecy. One of the amusing features of the campaign in Minneapolis was the earnest and aggressive efforts made by various eccentrics, who had no chance whatever of success and whose claims would never have received a moment's consideration from any political convention. So far as the test determined anything upon this point it seemed to show that good men will of their own motion come forward a little more freely than under the convention system, and that good men can be induced to offer themselves to the people quite as easily as to conventions. This apparently is due to confidence in the result of the people's judgment and because offers of personal support have a more tangible value than under the old system.

Naturally the most important question of all is, What kind of men actually receive the nominations? Here opinions will differ widely and a single test is not a sufficient criterion as to the effect of the system. Two things at least seem to be established with a reasonable degree of certainty. (1) A very large proportion of those already in office obtained renominations. Everywhere the newspapers commented that the system favored those in office. This seems to be particularly true of administrative offices. (2) In the small constituencies better nominations were made than under the old system. It would not be safe to affirm that there was no improvement in the large constituencies, but if there was any it was less noticeable. For a number of

reasons the value of the system in this particular when applied to large constituencies was not thoroughly tested. There was much, however, to suggest that if the system becomes a permanent institution its greatest improvement will be in bringing about the selection of a superior class of men for minor local offices.

Only four of the seven Congressmen from Minnesota were candidates for renomination; two of them were unopposed and the others triumphed over their rivals. All will agree that three out of the four are men of first-rate ability and have made excellent Congressmen, while many will make the same claim for the fourth. Of the five⁷ new nominees not as much can be said. One cannot feel altogether certain that any of them will rank up with the leading members of the delegation. For none of them could it fairly be claimed that he is clearly and indubitably the superior of all his rivals for the nomination.

The membership of the Minnesota legislature changes rapidly and it is exceedingly difficult for any but a very close observer to tell just what members serve their constituents well. One must form his judgment as to the primary election system and the legislature from a few cases. It would seem that nearly all the conspicuously able and faithful members who sought renomination were successful, while several at least of the flagrantly bad members were beaten. The quality of the new members cannot be determined in advance.

It is quite impossible for any one to know with much certainty the precise qualifications of the nominees upon the county tickets; only a very general notion can be obtained in regard to them from the comments of the newspapers, particularly the newspapers of the opposing political party. If these notices may be trusted, it is quite certain that the county tickets are far better than the average of previous years in point of integrity and ability.

Only in the city of Minneapolis was there a municipal election also. The result was much like that at the trial two years before: in part bad, but principally good. Candid Republicans quite generally admitted that none of the three candidates for the mayoralty nomination fairly represented the party. The least objectionable of them received the nomination by a large majority. On the Democratic ticket the better man and the best of all the aspirants for the mayoralty received the nomination by a small majority. The result of the aldermanic contests was particularly gratifying to all friends of good government. Eleven of the thirteen retiring aldermen were candidates for renomination. All who belonged decisively to the good government element were successful. The prospect as regards the new nominees is decidedly promising. Several who are certain of election will at once join the good government element.

In the matter of the methods which the general adoption of the primary election system would introduce into American political life the recent test was a clear indication: It lengthens materially the period during which politics is the all-absorbing topic. Quiet campaigning began more than a

⁷The reapportionment gives Minnesota two additional Congressmen

year before the election day and active public work started early in the summer. Whatever others may think, printers, lithographers, bill-posters, and the proprietors of halls and livery stables are likely to think well of the system for they reaped a rich harvest. Newspapers and theatre programs were filled with pictures and notices of candidates. In the cities at least nearly every telegraph and telephone pole was adorned with campaign placards. Where the constituencies were small and compact enough there was a great deal of house-to-house canvassing. The idea upon which most of the candidates proceeded was that the man who made his name best known to the voters would capture the nomination. It is now apparent that this idea was to a large extent fallacious. Extensive advertising and great personal activity in many cases produced ridiculously small results. The three things that seem to have counted most effectively were ability to produce a good personal impression, the extent and character of the candidate's reputation prior to the campaign, and the formation of a good organization of experienced political workers.

As most of contests were for local offices, it was not to be expected that questions of national importance would enter to any great extent. The only opportunity for such questions was in the congressional contests. In only two of the nine districts were these contests waged to any great extent upon such issues. But there national questions, such as tariff revision, reciprocity, Cuban relief, and the control of trusts, were thoroughly discussed and determined in large part the casting of the votes. In many of the contests, questions of nationality and locality cut a large figure. The frequency with which candidates appear to have had a large vote in one section and no support at all in another, shows that sectional lines were often sharply drawn. On the other hand, a host of items in the newspapers indicate that appeals to such prejudices were in many cases quite futile.

It will thus be seen that the methods of the primary election campaign were quite similar to the familiar methods of the general election campaign. Complaints of corrupt, unfair, or pernicious methods, while not wholly absent, were not numerous. It should be remembered, however, that even the cities of the state have comparatively little of the element that can be easily captured by such methods.

One of the objections most urged against the primary election system is that it will seriously interfere with party organization and will thus jeopardize party success. The recent trial did not give much opportunity for the framing of even a tentative opinion upon this subject. It did show, however, that two of the particular fears of those who urge this objection are to some extent well grounded. Political workers who go through one strenuous campaign are not likely to be immediately ready for another. The recent test showed that party workers would not stand to one side while the nominations were being made. They entered the primary election campaign most actively. Many of them will scarcely be able to give as much time as formerly to the regular election campaign. It is also hard to see how some of these workers can now do any effective service in behalf of some of the

men that they opposed so vehemently in the race for the nominations. The other objection is that evenly balanced tickets cannot be secured because proper attention cannot be given to such matters as nationality, locality and personal influence, and therefore that many weak tickets will be presented. A legislative district in Minneapolis furnishes a practical illustration. It consists of two wards, the larger Republican, the smaller Democratic. In order to win, the Republicans must keep all of the Republican voters of both wards in line. In the Democratic ward the Republican vote comes mainly from Scandinavians. By long-established custom the four places were equally divided between the wards. Conventions had no difficulty in arranging this, nor in seeing that the Scandinavians were properly represented upon the ticket. At both of the primary elections the Republican voters have paid no attention to the former custom, with the result that the Republicans living in the Democratic ward have been left without any representative upon the ticket. As they are also mainly of one nationality they resent the double omission. Two years ago the Republican ticket was successful in spite of considerable dissatisfaction; this year the dissatisfaction is more acute and the party managers in the district are much perturbed.

The precise attitude of the state toward the primary election system, now that it has been once tried, cannot be stated in a word. Opinion regarding it is certainly not unanimous. Many of the newspapers have not yet expressed any opinion. Of those that have committed themselves, it is evident in many cases that the opinion was hastily framed and wholly from local conditions. Doubtless there will be many changes of opinion shortly. Practically all of the newspapers in the large cities are heartily in favor of the system in principle and maintain that it is a thoroughly good one, and must not be cast off. The newspapers in the smaller cities take much the same attitude, but are less enthusiastic. The rural press furnishes a great variety of opinions. Some few denounce the system roundly and call for its repeal; a much greater number are somewhat indifferent, but rather inclined to favor the system if it can be satisfactorily altered in some particulars; the larger number pronounce the system excellent and desire its continuance though with some alterations. In this matter at least, the newspapers of the state probably reflect public opinion quite accurately. All agree that if the system is to continue it must be altered somewhat. Many features of the system are singled out for criticism. The three most common complaints are against the requirement that the voter must disclose his party affiliation, the failure of the system to prevent the voters of one party from assisting in the selection of another party's nominees, and the expense of the system to both candidates and taxpayers. Opinion is well-nigh unanimous in favor of making the primary election ballot as absolutely secret as the general election ballot. It is generally agreed that it would be much better if some way could be discovered of compelling the voters to act with the political party to which they really belong, but I have not found a single suggestion as to how this may be secured. To a surprising extent this feature of the system is looked upon as a necessary and tolerable evil. Complaints

upon the score of expense are not frequent, but when made are urged most insistently. Several suggestions have been made to secure secrecy for the ballot. From them it will be easy to select one that will work successfully. That done, it seems likely that the people of the state will regard the system with satisfaction.

FRANK MALOY ANDERSON.

University of Minnesota, Minneapolis.

PERSONAL NOTES

Bryn Mawr College.—Dr. Frederick Robertson Jones has been appointed Associate in Economics at Bryn Mawr College.

Dr. Jones graduated from Western Maryland College with the degree of A. B. in 1892. Three years later he received the degree of A. M. from the same institution and in 1896 received the degree of Ph. D. from Johns Hopkins University. During the year following, he was Acting Instructor in Economics at Johns Hopkins. From 1897 to 1899 Dr. Jones held the position of Instructor in History and Economics in Union College. Since 1899 his title has been Assistant Professor of History and Economics. In addition to his teaching, Dr. Jones has interested himself in charity work, having served as Assistant Superintendent of the Charity Organization Society, at Hartford, Conn., during the year 1894-95. Dr. Jones also acted as Chief Reader in History for the Uniform Entrance Examination Board during the past two summers.

Dr. Jones' more important publications comprise:

"*History of Taxation in Connecticut, 1636-1776.*" Johns Hopkins University Studies, series 14, No. 8.

"*An Oxford Summer Meeting.*" Report of the United States Commissioner of Education for 1897-98, vol. i.

"*Memories of Oxford.*" Union College Publications, April, 1898.

"*The True University Settlement Idea.*" Union College Publications, April, 1899.

"*The Schenectady Sociological Problem.*" Daily Union, April 26, 27, 28, 29, 1899.

"*Minimum College Entrance Examination in History.*" Union College Publications, January, 1900.

"*Concerning Sociology.*" *Ibid.*, February, 1900.

"*Errors in Economic Interpretation.*" *Ibid.*, January, 1901.

Mr. William Roy Smith has been appointed Reader in History at Bryn Mawr College.

Mr. Smith was born November 16, 1876, at Bluff Springs, Travis County, Texas. He prepared for college in the public schools of Austin, Texas, and graduated from the University of Texas in 1897 with the degree of A. B. The following year he received the degree of A. M. from the same institution. His graduate studies have been pursued at the University of Texas and at Columbia University, where he was in attendance during the years 1898-1900. During the year 1900-01 Mr. Smith was Acting-Professor of History at the University of Colorado and during the past year has been Lecturer in History at Columbia University. Mr. Smith is a Fellow of the

Texas State Historical Association and a member of the American Historical Association.

Mr. Smith's published writings comprise:

"The Quarrel Between Governor Smith and the Council of the Provisional Government of the Republic." Quarterly of the Texas State Historical Association. Pp. 77. April, 1902.

"Literature for the Study of the Colonial History of South Carolina." South Atlantic Quarterly. Pp. 6. April, 1902.

University of Chicago.—Dr. Ira Woods Howerth has been appointed Assistant Professor of Sociology in the University of Chicago.

Dr. Howerth was born June 18, 1860, in Brown County, Indiana. He attended the public schools of Indiana and Illinois and the Southern Illinois College at Enfield. He received the degree of A. B. from Harvard in 1893, of A. M. from Chicago in 1894, and of Ph. D. from the latter institution in 1898. Dr. Howerth has held the following academic positions: Lecturer, University of Chicago, 1894-95; Assistant in the department of Sociology, 1895-99, and Instructor, 1896-1902; Secretary, class study department University Extension Division, 1895-1900; Registrar of the University of Chicago College for Teachers, 1898-99; Dean of the same college in 1899-1900. Dr. Howerth was admitted to the Illinois Bar in 1899. Dr. Howerth is a member of the American Association for the Advancement of Science.

Dr. Howerth has published the following papers:

"Profitsharing at Ixerdydale." American Journal of Sociology. July, 1896.

"Program for Social Study." *Ibid.*, May, July and September, 1898.

"The Social Aim in Education." Herbart Year Book, 1899.

"An Ethnic View of Higher Education." Educational Review, November, 1900.

"Development of the Social Aim in Education." Journal of Pedagogy, December, 1900; March and June, 1901.

"Education and Evolution." Educational Review, January, 1902.

"Education and Social Progress." Educational Review, April, 1902.

"Education and the Individual." Journal of Pedagogy, June, 1902.

Mr. Francis W. Shepardson has been advanced to the rank of Associate Professor of History. Mr. Shepardson has been connected with the University of Chicago since it was opened, in 1892. In addition to teaching History in that institution he has served as Secretary to the President of the University.

Columbia University.—Mr. Walter Lynwood Fleming has been appointed Lecturer in History at Columbia University.

Mr. Fleming was born April 8, 1874, at Brundidge, Pike County, Alabama. He prepared for college in the Brundidge High School and graduated from the Alabama State College with the degree of B. S. in 1896. The degree of M. S. was granted him one year later. He received the degree of M. A. from

Columbia University in 1901. During the past two years he has been engaged in graduate studies at Columbia University. Since graduation from college he has occupied the following positions: Assistant in English History and Mathematics, Alabama State College, 1896-97; Assistant Librarian, same institution, 1897-98; Assistant Librarian and Instructor in English, 1899-1900. During the year 1898-99 Mr. Fleming served as an officer in the United States army. He is a member of the Alabama Historical Society, of the Southern History Association and of the American Historical Association.

Mr. Fleming has published:

"*The Buford Expedition to Kansas.*" In *American Historical Review*, October, 1900.

"*Public Career of Robert Livingston.*" *New York Genealogical and Biographical Record*, July and October, 1901.

Mr. Fleming has in preparation a history of reconstruction in Alabama.

Harvard University.—Dr. Charles H. Haskins² has resigned the Professorship of European History at the University of Wisconsin, to accept a Professorship of History at Harvard, where his special field will be Roman and Mediæval institutions.

Dr. Haskins has recently published:

"*Robert le Bangre: Beginnings of the Inquisition in Northern France.*" *American Historical Review*, April and July, 1902.

University of Illinois.—Dr. George Mygatt Fisk has resigned the Professorship of Commerce at Jacob Tome Institute, at Port Deposit, Maryland, and accepted the position of Professor of Commerce at the University of Illinois.

Dr. Fisk was born July 16, 1864, at Canfield, Ohio. He attended the public schools at Ashtabula, taking a business course at New Lyme Institute, at New Lyme, Ohio, and at Phillips Exeter Academy. Mr. Fisk studied at Johns Hopkins University in 1887-88, and at Michigan University during two succeeding years, from which institution he received the degree of B. A. in 1890. During the academic year 1893-94 Mr. Fisk was a Fellow at the University of Pennsylvania. The following year he was at Halle, after which he studied at Berlin and London and Munich, receiving the degree of Ph. D. from Munich in 1896. He has also been a student at Geneva, Switzerland and at Paris. During the years 1890-93 Mr. Fisk was Superintendent of the public schools at Flint, Mich., and at Cassopolis, Mich. From 1897 to 1900 Dr. Fisk served as Second Secretary to the United States Embassy at Berlin. He began his work at Tome Institute in 1900. During his last year at Tome Institute he also lectured at Johns Hopkins University on United States Diplomatic History. Dr. Fisk is a member of the American Economic Association and of the Internationale Vereinigung für Rechts und Socialwissenschaft.

Dr. Fisk has published:

"*Die Handelspolitischen und sonstigen Völkerrechtlichen Beziehungen zwischen Deutschland und den Vereinigten Staaten von Amerika.*" Stuttgart,

²See ANNALS, vol. i, p. 294, October, 1895

1897. Volume xxi of *Münchener Volkswirtschaftliche Studien*. Published by Brentano & Lotz, Pp. 300.

"*Die Handelspolitik der Vereinigten Staaten, 1890-1900.*" "*Schriften des Vereins für Socialpolitik.*" Pp. 110.

"*The German-American Commercial and Diplomatic Relations: Historically Considered.*" Review of Reviews, March, 1902.

University of Iowa.—Dr. Frank Edward Horack has been appointed Instructor in Political Science at the University of Iowa.

Dr. Horack was born on the eighth of June, 1873, at Belle Plaine, Iowa. He entered the public schools of Iowa City and took the degree of Bachelor of Philosophy from the University of Iowa in 1897. Two years later he received the degree of Master of Arts from the same institution, and in 1902 obtained the degree of Doctor of Philosophy from the University of Pennsylvania. His graduate studies were pursued at the University of Iowa, at the University of Chicago, at the Universities of Halle and Berlin and at Pennsylvania. During his year at Pennsylvania he was Harrison Fellow in Political Science.

Dr. Horack has published in the Iowa Historical Record a paper on "Constitutional Amendments in the Commonwealth of Iowa."

Mr. Thomas Warner Mitchell has been appointed Assistant Instructor in Economics and Statistics at the University of Iowa.

Mr. Mitchell was born on the fourth of December, 1879, in Benton County, Arkansas. Mr. Mitchell prepared for college in the public schools of the State of Washington and graduated from the University of Washington at Seattle, from which institution he received the degree of A. B. in 1900. The year following his graduation he was Instructor in Mathematics at his Alma Mater, which position he resigned in 1901 to accept the University Fellowship in Economics at the University of Wisconsin. He has held that position during the past year.

Johns Hopkins University.—Dr. Jacob H. Hollander, formerly Associate Professor of Finance, has been appointed Associate Professor of Political Economy in the Johns Hopkins University.³ In February, 1900, Professor Hollander went to Porto Rico under commission of the Secretary of War, as Special Commissioner to revise the laws relating to taxation in Porto Rico, academic leave of absence being granted him for that purpose. Upon the introduction of civil government in the island on May 1, 1900, he was appointed Treasurer of Porto Rico by President McKinley, and in that capacity reorganized the finances of the island. On July 25, 1901, upon the definite establishment of Porto Rico upon a self-supporting basis and the introduction of free trade relations with the United States, Professor Hollander resigned his office and resumed academic duties. During the past year he has directed economic instruction at Johns Hopkins University, in which capacity he now continues.

His writings, of an economic and financial character, since the date of the last notice, have been as follows:

³ *ANNALS*, November, 1900.

"Report of the Special Commissioner to Revise the Laws Relating to Taxation in Porto Rico," in *Final Report of Brigadier-General George W. Davis on Civil Affairs of Porto Rico*. Washington, 1902. (In press.)

"Report of the Treasurer of Porto Rico to the Governor of Porto Rico, Covering Operations of the Office of Treasurer from May 1, 1900, to March 30, 1901." Washington, 1901.

"Report of Receipts and Disbursements by the Treasurer of Porto Rico, (a) for the Months May to September, 1900, inclusive; (b) for the Year Ending in October, 1901; (c) for the Months October to November, 1901, inclusive." Washington, 1900-02.

"Banking Institutions of Porto Rico, in Report of the Comptroller of the Currency for the Year Ended October 31, 1900." Washington, 1900.

"Statement to the House Committee on Insular Affairs, on Currency Revision in Porto Rico and the Philippines, March 19, 1902." Washington, 1902.

"The Finances of Porto Rico." *The Independent* (N. Y.), October 10, 1901.

"The Finances of Porto Rico." *Political Science Quarterly*, December, 1901.

"Excise Taxation in Porto Rico." *Quarterly Journal of Economics*, February, 1902.

"The Merit System in Porto Rico." *The Forum*, March, 1902.

"Porto Rican Finance." Publications of the American Economic Association, Third Series, vol. iii, No. 1 (February, 1902).

"Porto Rico Revenue Act." *New York State Library Bulletin*, No. 72 (March, 1902).

Preliminary Report of the Municipal Lighting Commission of the City of Baltimore, with Charles E. Phelps, Jr., and Edwin G. Baetjer. Baltimore, 1900.

"The Economic Association in Washington, in *The Nation* (N. Y.), January 16, 1902.

"The Economic Seminary, 1901-1902 (edited)." Johns Hopkins University Circular, June, 1902.

University of Missouri.—Dr. Jonas Viles has been appointed Instructor in History at the University of Missouri, Columbia, Mo.

Dr. Viles was born May 3, 1875, at Waltham, Mass. He prepared for college in the public schools of Waltham and graduated from Harvard in 1896. The following year he received the degree of A. M. from Harvard, and in 1901, the degree of Ph. D. from the same institution. During the past year Dr. Viles has been engaged in research work in London.

Mount Holyoke College.—Miss Nellie Neilson, Ph. D., has been appointed Instructor in History at Mount Holyoke College for the ensuing year.

Miss Neilson was born April 5, 1873, in Philadelphia, and was graduated from Bryn Mawr College in 1893 with the degree of A. B. The following year she received from her Alma Mater the Master's degree and in

1899 the degree of Ph. D. In addition to her graduate work at Bryn Mawr, Miss Neilson studied in Cambridge, England, and the Public Record Office, London, 1896-97. From 1897-1900 Miss Neilson taught history in Miss Irwin's School, Philadelphia, and during the past year has been Reader in English at Bryn Mawr College. Miss Neilson is a member of the American Historical Association.

Her publications include:

"Economic Conditions on the Manors of Ramsey Abbey." Pp. 85, Appendix 125. Published by Bryn Mawr College, 1899.

"Boon Services on the Manors of Ramsey Abbey." American Historical Review, January, 1898.

Nebraska Wesleyan University.—Mr. Elias Herbert Wells has been elected to the Chair of History and Political Science in the Nebraska Wesleyan University, University Place, Nebraska.

Mr. Wells was born November 7, 1872, at Philo, Champaign County, Illinois. Mr. Wells was a student at De Pauw University from 1896 to 1900, graduating with the degree of Ph. B. The year after graduation, he received the degree of A. M. from the University of Illinois. During the academic year 1900-01 Mr. Wells pursued graduate studies at the University of Illinois, and during the past year has been a student at the University of Wisconsin.

University of North Dakota.—Dr. Samuel Peterson has been promoted from Instructor in Law and Sociology to the Assistant Professorship of Political and Social Science.

Dr. Peterson was born June 17, 1871, at Osage City, Kansas. His preparatory studies were pursued in the public schools of his native city and at the National Normal University, Lebanon, Ohio. He graduated from the collegiate department of Yale University in 1895. He has also received the following degrees from Yale University: Ph. D., 1897; LL. B., 1898; D. C. L., 1899. Dr. Peterson was admitted to the bar in the State of Kansas in 1892. After receiving the degree of Ph. D. in 1897, he entered the Senior Class of Yale Law School and at the end of a year received the degree of LL. B. *cum laude*. While in the Law School he secured the John A. Porter Prize for an essay on "The Relation of Right to Law," which essay was published in the *Yale Law Journal*, October, 1898. After receiving the degree of D. C. L. from Yale in 1899, Dr. Peterson traveled in Europe for a year and was then admitted to the bar in Ohio. He became Instructor in Law and Sociology at the University of North Dakota in 1901.

Polytechnic Institute of Brooklyn.—Mr. Charles Archibald Green has been promoted from Instructor in Political and Social Science to the rank of Assistant Professor in the same subjects.

Mr. Green was born March 17, 1875, at Albany, N. Y. His preparatory studies were pursued at Clinton Grammar School, Clinton, N. Y., and his collegiate training was obtained at Hamilton College, of Hamilton, N. Y., from which institution he took the degree of A. B. in 1896 and of A. M. in 1900. During the year 1896 Mr. Green was instructor in the academic department of the Polytechnic Institute, and during the years 1897-99 occupied the

position of Assistant Librarian in the Brooklyn Library. In 1899 Mr. Green was appointed Instructor in Political and Social Science at the Polytechnic Institute, which rank he held until promoted to the position of Assistant Professor.

Swarthmore College.—Dr. G. A. Kleene⁴ has been appointed Instructor in Economics and Social Science at Swarthmore College.

During the past year Dr. Kleene has published:

"Bernstein Versus Old-School Marxism." The ANNALS, November, 1901.

Syracuse University.—Delmer E. Hawkins, A. M., LL. B., has been advanced from the position of Associate Professor of Economics to the rank of Professor.⁵ Mr. Hawkins graduated from Syracuse University in 1894 with the degree of A. B. He was Instructor in Economics in the same institution from 1894 to 1896. He graduated from the Law School of Syracuse University in 1898. In 1899 and 1900 he was a graduate student at Columbia University. He was appointed Instructor in Economics in Syracuse University in 1900, and advanced to the position of Associate Professor in 1901.

University of Texas.—Dr. Herbert Eugene Bolton has been appointed Instructor in History at the University of Texas.

Dr. Bolton was born at Wilton, Wis., and prepared for college in the Tomah High School, Tomah, Wis., and the Milwaukee State Normal. He graduated from the University of Wisconsin with the degree of Bachelor of Letters in 1895, and received the degree of Ph. D. from the University of Pennsylvania in 1899. His graduate study was pursued at the University of Wisconsin for one year, and for two years at the University of Pennsylvania, where he was Harrison Fellow in American History. Upon receiving his Doctor's degree, Dr. Bolton received the position of Professor of History at Albion College, Michigan, which position he held for one year when he accepted the Professorship of History and Economics at the State Normal School, Milwaukee, Wis. Dr. Bolton is a member of the American Academy of Political and Social Science.

He has published:

"De Los Mapas." The Quarterly of the Texas State Historical Association, July, 1902.

Dr. Bolton is at present working on an extensive study of the free Negro in the South before the Civil War.

Dr. Thomas Walker Page⁶ has resigned the position of Assistant Professor of History and Economics and Dean of the College of Commerce in the University of California and accepted the position of Professor of Political Science at the University of Texas.

During the last two years Dr. Page has published:

"The End of Serfdom in England." Macmillan, 1900.

"Certain Tendencies Among the Negroes." 1901.

⁴ Vol. xvii, p. 108, January, 1901.

⁵ Vol. xviii, p. 303, September, 1901.

⁶ See ANNALS, vol. xv, p. 88, January, 1900

"*The Real Judge Lynch.*" *Atlantic Monthly*, 1901.

"*The Early Commercial Policy of the United States.*" *Journal of Political Economy*, 1902.

"*The Labor Movement in 1901.*" 1902.

In addition to the articles mentioned above Dr. Page has contributed numerous short magazine and newspaper articles.

Trinity College, Durham, N. C.—Dr. William Henry Glasson has been appointed Professor of Political Economy and Social Science in Trinity College, Durham, N. C.

Dr. Glasson was born July 26, 1874, at Troy, N. Y. He graduated from the Troy High School in 1892 and from Cornell University in 1896 with the degree of Bachelor of Philosophy. He received the degree of Ph. D. from Columbia University in 1900. His graduate work was carried on at Cornell and at the University of Pennsylvania and at Columbia, in each of which institutions he held a Fellowship. Since 1899 Mr. Glasson has been in charge of the department of History and Political Science in the George School, Pennsylvania. Mr. Glasson is a member of the American Economic Association.

He has published the following studies:

"*History of Military Pension Legislation in the United States.*" Columbia University Studies in History, Economics and Public Law, vol. xii, No. 3. New York, 1900. Pp. 135.

"*The State Military Pension System of Tennessee.*" *THE ANNALS*, vol. xviii, p. 485, November, 1901.

"*The National Pension System as Applied to the Civil War and the War with Spain.*" *THE ANNALS*, vol. xix, pp. 204, March, 1902.

"*The College Professor in the Public Service.*" *South Atlantic Quarterly*, July, 1902.

"*The South and Service Pension Laws.*" *South Atlantic Quarterly*, October, 1902.

Trinity College, Hartford, Conn.—Dr. Roswell C. McCrea has been appointed Assistant in the department of History and Political Science.

Dr. McCrea was born July 30, 1876, at Norristown, Pa. He prepared for college in the Norristown High School and in the Bucknell Academy, Lewisburg, Pa. His college course was taken at Haverford, where he graduated in 1897 with the degree of A. B. The degree of A. M. was conferred upon him by Cornell University in 1900 and the degree of Ph. D. by the University of Pennsylvania in 1901. Dr. McCrea's graduate studies were pursued at Columbia, at Cornell and at the University of Pennsylvania, in which institution he was Harrison Fellow in Economics during the year 1900-01. From June to October, 1899, Dr. McCrea served the United States Industrial Commission as Assistant Expert on Transportation. During the past year he has held the position of Acting-Head of the Department of History and Civics in Eastern Illinois State Normal School, Charleston, Ill. Mr. McCrea is a member of the American Academy of Political and Social Science and the American Economic Association.

He has published:

"Tendencies in the Taxation of Transportation Companies in the United States." THE ANNALS, May, 1900.

"The Taxation of Transportation Companies in the United States." Report of the United States Industrial Commission, Pp. 87, 1901.

"The Causal Idea in History." Bulletin of Eastern Illinois State Normal School. Pp. 18, July, 1902.

Wellesley College—Dr. Sarah Scoville Whittlesey has been appointed Instructor in Economics at Wellesley for the current year, to take charge of Professor Coman's work during her absence.

Dr. Whittlesey graduated from Radcliffe College, Cambridge, in 1894 and in 1898 received the degree of Doctor of Philosophy from Yale University. Since graduation Miss Whittlesey has been engaged in educational and philanthropic work in New Haven. She is a member of the American Academy of Political and Social Science and of the American Economic Association.

Her publications have been the following:

"Massachusetts Labor Legislation." Supplement to THE ANNALS, January, 1901.

"Tendencies of Factory Legislation in the United States." THE ANNALS, July, 1902.

Miss Whittlesey is now engaged in the preparation of a syllabus on industrial conditions for the Federation of Women's Clubs.

Willamette University, Salem, Ore.—Mr. Willis Chatman Hawley has been appointed Vice-President and Dean of the Willamette University and Professor of History, Economics and Political Science.

Mr. Hawley was born on the fifth of May, 1864, in Benton County, Oregon. He graduated from Willamette University with the degree of B. S. in 1884 and from the same institution received the degree of A. B. in 1888 and LL. B. in 1888 and A. M. in 1890. During the years 1888-91 Mr. Hawley was President of the Oregon State Normal School, Drain, Ore. The two following years he was Professor of Mathematics at Willamette University. Since 1893 Mr. Hawley has been Professor of History and Economics at Willamette University. Mr. Hawley is a member of the American Historical Association and has in preparation a study of the Declaration of Independence.

Yale University.—Dr. J. Pease Norton has been promoted from Assistant in Political Economy⁷ to Instructor in the Social Sciences.

Dr. Norton has published, with the Macmillans, a volume entitled "Statistical Studies in the New York Money Market."

Dr. Clive Day has been advanced from Instructor in History to Assistant Professor of Economic History.

Dr. Day taught in the University of California during the year of 1896-97,⁸ his position during that year being Instructor in History and Political

⁷Vol. xviii, p. 305 September, 1901.

⁸Vol. viii, p. 252, September, 1896.

Economy. The year 1898-99 was spent in study at Berlin and Paris. In 1899 Mr. Day was a graduate student at Yale University, receiving the degree of Ph. D. that year. During the academic year 1899-1900 Dr. Day gave some of Professor Farnham's courses during the latter's absence on leave abroad. His title that year was Instructor in Political Economy. The year following he was given the title of Instructor in History. In addition to his academic work Dr. Day participates in the work of editing the *Yale Review*.

His publications include:

"*Experience of the Dutch with Tropical Labor.*" I. "*The Culture System.*" *Yale Review*, February, 1900. II. "*Abolition of the Culture System and Transition to Free Labor.*" *Yale Review*, May, 1900.

"*The Dutch Colonial Fiscal System.*" Publications of the American Economic Association, 1901.

NOTES

I. MUNICIPAL GOVERNMENT

Greater New York.¹—*Statistical Work of the Tenement House Department.*—The subject of statistics probably receives greater recognition in the Tenement House Department than in any municipal department not organized for the collection of statistics. The framers of the law, and those directing its organization, have made statistical work a requisite in the administration of the department. Co-ordinate with the inspection bureau and the executive work is the Bureau of Records, which is a sort of clearing house. To this bureau all clerks in charge of special work make daily reports, which recorded on appropriate forms, show at once the exact status of any action of the department. All original reports made by inspectors are ultimately filed in this bureau, and the several city departments supply daily reports of their work, so far as they affect tenements or the tenement population of the city. This combined, furnishes in a single bureau a summary of the entire municipal activity in this given line.

The greater portion of the material for this summary is naturally furnished by the department. Plans for all new tenements must be approved before work is begun, and during the course of construction of any new building, inspectors make frequent visits to see that the plans approved are followed. In the case of existing tenement houses the law provides that those in which apartments bring a monthly rental of twenty-five dollars or less must be inspected at least once a month,—higher class apartments may be inspected at the discretion of those in charge. This entire work requires that some two hundred men devote their time to inspection, and to reporting conditions found. The statistical work has to do with these reports. An inspector is not given *carte blanche* to report any and all conditions he may find, but his work is carefully supervised, those in charge selecting a certain kind of work that shall be done at a given time. This work determined upon, a printed card, five by eight inches in size, is made, which is given the inspector, and he, by a series of check marks or interpolations indicates the conditions found. These cards, one for each house, are returned to the department and, after action by the proper bureaus, ultimately become the property of the Bureau of Records. These cards cover a variety of subjects, such as structural changes, urgent conditions, fire-escapes, basements, over-crowding, night-lighting, etc. Their nature is best shown by giving the subject-matter of at least two.

The urgent card, technically known in the department as the "U" card, aside from the table showing condition of hall-lighting, unoccupied spaces, and halls and stairs on the several stories, contains data relating to the condition

¹ Contributed by W. R. Patterson, Ph.D., Chief Statistician.

of the roof, water supply, flushing apparatus, cast iron pipes, lead pipes, fixtures, garbage cans, ash cans, house drain, lowest floor, floor, ceiling, water-closet, compartments in building, yard fixtures, compartments, school sink, vault, cesspool, out-buildings and disinfection needed.

The so-called inspection, "I," card permits the tabulation of the dimensions of the shafts and windows, and the condition and number of the sinks and water-closets, besides giving the data concerning skylight, scuttle-bulk-head, ladder-stairs, windows in hall, fire-escapes, yard fixtures, closet accommodations, bakery, interior rooms. Cards similar to the above are made for fire-escapes and basements; others cover the subjects of overcrowding, night-lighting, etc.

The remainder of the general summary will be obtained from the health, police and fire departments. Each of these departments will ultimately supply daily reports of their work so far as it has to do with the tenements of the city. The Department of Health will report all cases of contagious disease and death, giving the name, age, sex, and disease or cause of death; the Police Department a similar report of arrests, giving name, age, sex, and cause of arrest; and the Fire Department, stating cause of fire, point of origin, path, damage done and number injured or killed.

Cards five by eight inches in size, of distinctive colors, have been prepared for the tabulation of these reports. Every tenement of the city will have its individual set of cards, and when a case of contagious disease, arrest, etc., is reported in a given house, a proper entry will be made on the death, police or fire card belonging to that house. In this way a continuous record of each tenement will be kept, which will be filed according to street and number with all cards prepared by the department, and in that way will give a complete history of the house in small compact space.

Finally, it is the intention of the department to make this material available by taking a census of the tenement population. The schedule will be brief, containing but a few entries, yet of such a nature as to give a comparative base from which conclusions as to the effect of certain tenement conditions may be drawn.

Pennsylvania.—*Personal registration in municipalities* is provided in the act prepared by the Joint Committee for the Promotion of Electoral Reforms and the Merit System in Pennsylvania. This committee represents the following organizations: Pennsylvania Ballot Reform Association, Civil Service Reform Association, Municipal League of Philadelphia. Hon. Clinton Rogers Woodruff, Secretary of the National Municipal League, is chairman. Registration districts are to contain about, but not over 2,500 voters, the districting to be done by the county commissioners. The appointment of registrars rests with the court, each registrar to name a clerk whose qualifications shall be the same as those of the registrars; viz, citizenship, five years' residence, "sober and judicious." It is furthermore provided that they shall not all be of one party. "They shall not be eligible to any civil office to be filled at the ensuing election." Compensation is fixed by the court. Five registry days are named before general elections, sixty-fourth, sixty-second, twenty-

ninth, twenty-seventh, and seventeenth and three days before municipal elections, the twenty-ninth, twenty-seventh, and seventeenth. The hours of registration are 10 a. m. to 6 p. m., and 7.30 p. m. to 10 p. m. Registration must be in person. In addition to the usual identification the voter must state whether he will require any assistance in marking his ballot, and the reason for such requirement. When able to write, the voter must subscribe his own name in the register, if not the inability must be stated on the book.

If any citizen shall object to the action of the registrars in accepting or rejecting any claim for registration, he may file his petition to the Court of Quarter Sessions, where a public judicial hearing will determine the question, with the usual results for failure to comply with the orders of the court. Each party may be allowed one watcher at time of registration. In case of challenge on election day the voter must sign his name, which signature must of course correspond with that on the registration list. When the voter is unable to write, other identification is required on affidavit. No more than ten electors, other than officers, shall be allowed in the registration rooms at one time.

Penalties are provided for failure to swear to truth, or in the manner prescribed by the act a fine not to exceed \$1,000 or imprisonment not to exceed one year or both,—for perjury by voters \$500 and imprisonment of not more than two years,—for refusing to serve as registrar except as excused by the court \$100,—for willful error by registrars \$500 and imprisonment of not more than one year,—for fraudulent registration or abetting same \$1,000 and imprisonment of not more than three years,—for registering without personal application \$300 or one year or both,—for refusing the vote of one registered or accepting the vote of one not registered \$1,000 and imprisonment of not more than three years.

Ballot Reform.—The above-mentioned committee has also prepared for general distribution an act amending the present ballot law. This act has been submitted with formal arguments to a special committee appointed by the Republican party to draft measures which will embody the pledges made by that party to the voters of Pennsylvania. The Ballot Reform Committee demands these three requisites of honest elections: first, absolute secrecy of the ballot; second, a ballot which voters can use without risk or mistake; third, a ballot by which candidates of all parties have an equal chance to receive the votes of their supporters. All of which requisites, it is said, the present ballot law of Pennsylvania lacks. The proposed act prevents group or party voting, except in case of presidential electors, and requires that a mark be placed opposite the name of each candidate voted for. A party which polls at least 1 per cent of the largest entire vote for any office cast in the state or electoral district or division, is entitled to a certificate of nomination. Nomination papers may be filed if signed by at least 1 per cent of the entire vote cast in the electoral district or division, provided that in no case shall the signatures of more than five hundred electors be required nor less than ten be allowed. No person may subscribe to more than one nomination for each office to be filled; the party ticket shall be distinctly

separated by clear space in the order following: the plurality of votes in the state election, or in case of county issues the highest average vote. If a candidate receives more than one nomination for the same office, his name shall be printed but once, but with all the party or political appellations to which he is entitled; space must be reserved for independent voting. In case the voter needs assistance, the helper must take oath that he will not attempt to influence the vote, that he will give only the help desired, that he will not discuss the contents of the ballot; the name of the helper must be registered opposite the voter's name, stating cause. Anything said or done in violation of any oath or affirmation made in pursuance of the act shall be taken to be perjury and punishable as such. In case of dispute over a vote the ballot shall be marked "disputed," its legality to be determined by the return judges. The watchers representing the different parties may see plainly the counting of the votes, but they shall not be allowed to touch the ballots or to interfere with the counting of the votes. Doors and windows shall be closed after the closing of the polls, but shall not be screened by shutters, curtains or other obstructions. Thus persons outside the room may be permitted to see what takes place within the same.

County Primary Election.—The student of institutions has in the county of Bucks, Pennsylvania, an interesting survival of the county unit in political action. It will be recalled that in the colonies to the south of Pennsylvania, the local unit was the county, while in those to the east and north it was the town. Pennsylvania had the "mixed system" of local government, in part that of the South and in part that of New England. The change in Pennsylvania has been from the former to the latter and there now remains but Bucks County, holding its primary election at the county seat. This election is attended by the adherents of the party calling it from all parts of the county. The Republican primary, as recently held, was a unique event, of interest alike in itself and in what it typified. The Republican candidate for governor, so strongly endorsed at that meeting, has somewhere said that the historian who would stand face to face with the Reformation, and study the thought, faith, habits, ways of life, etc., of that epoch, has only to visit the Mennonites of Lancaster County. Similarly the Bucks County primary suggests the folk-mote of remote Aryans or the assembly of early German villagers.

Bucks is a large, rich and populous county, lying in proximity to Philadelphia on the one side, and to Trenton on the other. The upper and lower ends of the county are quite sixty miles apart, but, fortunately for the assembly of freemen, the county seat, Doylestown, is located about in the centre. From the upper and lower ends of the county, railway communication is direct with Philadelphia, so that trains must make a roundabout passage to reach Doylestown. At the recent meeting there was the novel sight of the Pennsylvania train from Bristol using the Reading track, the only line by which Doylestown could be reached. Verily politics make strange associates, even in railway management. Communication is made easier by three trolley lines reaching from Doylestown in various directions, and probably the voters of the county could never meet at the county seat with less

inconvenience than at the present. The manipulation of party machinery in Bucks County illustrates the axiom that it is not so much the governmental organization as the manner of its control, that affects the people for good or ill. The veteran ringster finds the political system of Bucks County admirably suited to his purpose; he has made a study of the local condition, and probably enjoys packing the primary convention at Doylestown as some slight relief from the monotony of controlling local primaries in other parts of the state.

In the preceding legislature the senator and three representatives from Bucks County had not been amenable to the influence of the Republican state leader and it was felt that they were marked for the shelf although they announced themselves as candidates for renomination. The setting aside of the candidate for the State Senate illustrates the methods of the machine. At first an ominous silence was observed, followed as the convention approached, by statements that he was "not available" because of the section of the county from which he came.

Labor Day was selected for the county primary. From early morning Doylestown had the animated appearance of a rural city on circus day, or a place in which there was a county fair. Private conveyances came loaded; the trolley lines were taxed to their utmost; extra coaches came attached to the regular trains, and several special trains were brought in. Street parades were formed with a band of music, and placards announcing candidacy were displayed. Drinking places, wide open, were largely patronized. Knots of earnest men were to be seen everywhere about the town engaged in conference. In marked contrast to these were those who had come for the pleasure of a "day off." For the latter there was a baseball game in the afternoon, characterized by much disorder and nearly ending in a riot.

Promptly at eleven o'clock the convention was called to order from an open stand in the courthouse yard. Those who wished to take part in, or to follow the proceedings, were compelled to stand near the platform. The voting population of Bucks County is over 20,000; it is variously estimated that there were four or five thousand or more of these in attendance on this convention. The deliberative proceedings were a mere farce. Neither the chairman nor the secretary was heard by more than a small portion of the assemblage. Some one aptly suggested the use of a megaphone. From the first it was evident that the wheels of the machine were well greased. Two nominating speeches were made in a perfunctory way, but they were uninteresting or unintelligible and the rest of the candidates were nominated by mere mention of names. Motions to close the nominations were entertained and put by a *viva voce* vote; for several offices to which there was but one nominee the action of the convention was immediately taken by a similar vote. Proceedings were cut and dried; one man gained the attention of the chairman and made four or five motions in quick succession. Some motions were carried with fewer voices than there were thousands in the assembly. Conversation was engaged in all about the stand. One man gave it as his opinion that the one who had not been regularly slated for an office was a fool to let his name come before the convention; another remarked

when a certain man was mentioned for sheriff, that if he were elected no prisoners could be kept in the county jail, as he would prove too lazy to lock the door.

An outsider wondered how the vote was to be taken when there was a contest, but the proceedings of the convention made this clear. Bucks County is divided into seventy odd election districts, and these act as units at the county convention. The secretary called the roll of the districts and announcement was made of the time and place of meeting for each. Such notices as "Ross's office at one o'clock," "back of stand immediately after adjournment," "northeast corner of courthouse at one-thirty," etc., were common. During these proceedings lines began to be drawn for the meeting of the local divisions, where the contests were to be made. One could then hear the "stand by us," "we are going to have a fight to-day," etc.

A little after noon the convention adjourned to meet again at two o'clock and hear the reports from the election divisions. The recess was given to meetings of the divisions held about favorite trees in the courthouse yard, at the flag pole, at the courthouse steps, at the corners of the courthouse, etc. Each division seemed to have a fixed place of meeting at which the electors gather year after year. The vote at the division meetings was for each nominee separately, and was usually taken by show of hands. At places there were barely a score of people and the voting was rushed through in a surprisingly short time; at other places there was a sharp contest and hundreds of men were in attendance. The voting in the Middletown division illustrates what was likely repeated in other cases. A contest was on for the local committeeman of the party organization; each side had brought all the men it could muster, and it was felt that the voting would be close. The electors from Middletown met in the open at their tree and passed on the approved county nominees, but when they came to select the member of the county committee the fun began. Men from other divisions crowded in and joined forces with each side and a jostling, noisy mob surged about the presiding officer and the tellers. An attempt to vote by show of hands was unsuccessful; a division into two groups was confusion worse confounded. When this was attempted, one obliging freeman, having been counted on one side, slipped through the crowd to become one of the opposition. The tellers next stood with space for the voters to pass through singly, and the respective parties were marshaled and filed through. This resulted in a tie, with charges of fraud, and next the voters were marched through singly to give their names and to call the person for whom they voted. Again the vote would have been a tie, but one man, so drunk as to be irresponsible, however he might have been when sober, was pulled out of the line of the first division as he was being taken through, to be held and taken through by the second. Both sides claimed this man, but though he had probably been bought by the first he was counted for the second. This whole scene was as successful a parody on elections as could well be devised.

Promptly at two o'clock the convention was again opened and the roll of divisions called. The secretary stated the number of votes for the divisions,

which varied from one to five. Formerly each division had one vote, but a recent change distributes the votes pro rata according to the number of electors.

As at present conducted the Bucks County primary seems altogether vicious, tending to keep the control of party machinery in the hands of the worst elements of the county. Men at all advanced in years, or not in robust health, cannot withstand the fatigue of the journey to the county seat, or the turmoil of the day in Doylestown. The entire contrivance is antiquated; the general assemblage is too large and loosely formed to be a deliberative body—it registers not its own will but that of the machine boss. Then again the action of the local divisions is illogical; if they are to determine separately who are to be their nominees, why might not such a determination be made at home? Indeed it was reported that in some cases a caucus had been called at home to settle exactly what should be done at Doylestown. So well planned was the day's program, that a Philadelphia newspaper published the proceedings of the convention the morning before it took place, and actually named the entire ticket and forecasted the platform. On the following morning the same paper suggested that the party leaders had nominated the ticket they did, so as not to go counter to its predictions. A day at the convention convinces one that the best judgment of Bucks County favors the abolition of the present primary system.

California.²—*Public Service Commission.* One of the most radical and startling constitutional amendments affecting public service corporations throughout the state, including all municipalities, is to be passed upon by the voters of California at the coming November election. This amendment creates a State Commission, composed of five members, chosen from five districts in the state, for a term of ten years. The members are ultimately to be elected, but the amendment provides that the first commission shall be appointed by the governor, and be gradually succeeded by an elected commission. This commission "shall have exclusive jurisdiction and power . . . to determine, fix, and establish all and every rates and charges" for services and commodities furnished in the state, by any and all persons or companies, in respect to transportation of passengers and freight; to gas, electric light and power, and water; to telephone and telegraph services; to sleeping-car services and to all express services. These rates may be changed by the commission at any time, save that every rate once fixed must continue for one year. Of course "all such rates shall be reasonable, considering the services performed or the commodities furnished," but no review of such rates by the courts is mentioned, and it is specifically provided by the amendment, that the commission shall have, as just noted, "exclusive jurisdiction and power." In order to make this jurisdiction still more unquestionable, the amendment expressly declares that, for the regulation of rates and services, and for furnishing and supplying such commodities and services mentioned, this State Commission shall be the successor of all Boards of Supervisors, city and town councils, with all the powers and duties now given them by the constitution and laws

²Contributed by Prof. Kendrick Charles Babcock, University of California

of the state. California has for years had a railroad commission, but it has never been considered a success. It certainly gives no hope for the efficiency of a commission with larger powers.

This amendment was passed by a sweeping majority. In the Assembly by a vote of sixty-one to one and in the Senate by a vote of twenty-seven to eight. The League of California Municipalities was strong enough to carry through the legislature about ten measures of importance, including an amendment for exempting municipal bonds from taxation, but it was not able to defeat this amendment to create a State Commission. The prospect for the defeat of the amendment at the polls is fair. *California Municipalities*, the official organ of the League, and many of the most influential papers are vigorously opposing it.

Virginia Constitutional Convention.³—*Municipalities*.—Virginia's new constitution, which had been a year in the making, went into effect by promulgation on July 10, 1902. The subject of municipalities is treated in Article VIII, entitled "Organization and Government of Cities and Towns," containing thirteen sections and occupying five pages of the printed document. The committee on municipalities presented its report January 10, 1902, and the subject was discussed in convention from January 20 to 29, with the result that work of the committee was accepted with but little modification by the convention.

A city is defined as an incorporated community having a population of five thousand or more within its boundaries; and incorporated places having a smaller population are designated towns. The legislature is required to pass general laws for the organization and government of towns, and while communities already possessing charters may continue to administer them, all charters are by the constitution amended to conform to the new constitutional provisions. Local legislation can be passed only after it has been referred to the joint standing committee of the legislature upon special, private and local legislation, it being the duty of this committee to report whether the object of the bill can be accomplished as well by general law or by proceedings at law.

While the constitution requires general laws on the subject of municipal organization, it must be confessed that the document itself contains many legislative and administrative provisions. An elaborate plan of municipal organization is outlined, with the following officials expressly named: mayor, treasurer, sergeant, judge, clerk of court, commissioner of revenue and members of the two branches of the city councils. The term of service, usually four years, is fixed, and in some cases even the duties of the officers are prescribed. The mayor is given a qualified veto upon the acts of the municipal legislature, but a two-thirds vote of all the members of each house of the councils may pass over this veto.

Virginia followed the recent constitution of Alabama⁴ in guaranteeing to municipalities the advantages of competition and of short-term franchises

³C. suggested by Prof. A. E. McKinley, Ph. D., Philadelphia.

⁴See *ANNALS*, xix, p. 141, January, 1902.

by providing that no franchise for the use of streets can be given except with the consent of the local authorities, and then only after public advertisement for competing bids and for the term of thirty years, with an exception in favor of a "trunk railway." Contrary to the custom of recent conventions, that of Virginia did not place any restriction upon municipal taxation, except for school purposes, which was limited to five mills on the dollar; and the state legislature may authorize local poll-taxes to an amount not greater than one dollar and a half annually. The lawful indebtedness of cities and towns was limited to 18 per cent of the assessed valuation of "real estate," quite a different limit from the Alabama 7 per cent of the "property." Notes issued in anticipation of revenue were exempted from this limit; and there was also the reasonable provision (if well administered), that the restriction did not apply to those public improvements from which the income was sufficient to pay the interest and a proportionate amount of the principal of the investment.

It may be well to note that Virginia stands quite low in the list of states in respect to urban population. The proportion of the population dwelling in places of four thousand or over was 11 per cent in 1880; 15 per cent in 1890; and only 16.5 per cent in 1900. These figures show that Virginia has by no means the problem in municipal government which confronts some of the northern states, but her statesmen have acted wisely in adopting a thorough organization and control of municipalities while the way is easy.

The League of American Municipalities.⁵—The sixth annual convention of the League of American Municipalities was held at Grand Rapids, Mich., August 27-29. About two hundred delegates were present representing seventy-five of the one hundred and thirty cities in the league. Among the papers and addresses were the following: address of welcome, by W. Millard Palmer, mayor of Grand Rapids; president's address, by Charles S. Ashley, mayor of New Bedford, Mass.; "Transportation and Taxation," by J. M. Head, mayor of Nashville, Tenn.; "The Contract System," by Thomas G. Hayes, mayor of Baltimore; "Canadian Municipal Conditions," by W. D. Lighthall, mayor of Westmount, Ont.; "The Gospel of Cleanliness," by D. W. H. Moreland, commissioner of public works of Detroit; "Street Paving," by B. F. Fendall, city engineer of Baltimore; "Municipal Government in Germany," by C. E. Campbell, of Des Moines; "Gas Leakage in Cities," by James C. Bayles, of New York City; "Municipal Accounting," by J. J. McCurdy, comptroller of St. Paul; "The Ohio Municipal Situation," by W. B. Doyle, mayor of Akron, O.; "Organized Labor's Relation to Municipal Affairs," by A. Sullivan, mayor of Hartford, Conn.; and "Municipal Conditions in New York," by Jacob Cantor, president of the borough of Manhattan.

The following extracts from Mayor Doyle's paper will indicate some aspects of the municipal situation in Ohio: "Briefly the status is this: there is not at the present time a legally-constituted city in the state, not a city with a valid charter. . . . Two recent decisions of the Supreme Court of Ohio are the apparent cause of this trouble, since they demolished the elaborate

⁵Contributed by John A. Fairlie, Ph.D., University of Michigan.

scheme of the classification for cities which had long served as a pretext for the passage of special and local laws, in violation of the constitution, pulverizing the foundations upon which every city government in the state has been erected. These decisions were only the apparent cause of the disaster. The real cause dates back nearly fifty years to the making of the initial error.

"There was an entirely different form of government for each grade. The word grade was a misnomer, it really meant a class, and, instead of two classes with their respective grades, there were in truth eleven distinct classes. One cannot but admire the courage shown by the Supreme Court in taking its bold stand. To reverse itself in the face of all the adjudications of the past and the constant reiteration that the doctrine in question had been settled for all time and past questioning, and in the face, too, of the tremendous consequences sure to follow their holding, certainly required courage. The legislature of the state has been convoked in extraordinary session by the governor. It met first on August 25. It was called for the purpose of enacting a code of laws for the organization and government of the cities and villages of the state. . . . The principal code suggested is the administration measure drafted and recommended by Governor Nash and his personal advisers. A second complete code has been presented to the legislature by the state board of commerce. It is commonly understood that a third will be offered, embodying the distinctive features of the so-called federal plan. The opportunity now presented to the legislature of Ohio is a rare and magnificent one. Not since the Municipal Corporation Act of 1835 in England has there been such a chance to work on so grand a scale for the reform of city government."

It may be added that since this paper was read, the Senate has adopted the code prepared by Governor Nash, with few important changes; the House of Representatives has made a number of radical changes, notably those providing for single elected commissioners of public safety and public service, and for a merit system under state control for the police, fire and health departments. At the present writing the House and Senate bills are in the hands of a conference committee. The League elected as president for the present year, J. Edgar Smyth, mayor of Charleston; and re-elected as secretary, John MacVicar, of Des Moines, Ia. The next meeting will be held at Baltimore, the first time one of the large cities in the country has been selected.

II. PHILANTHROPY, CHARITIES AND SOCIAL PROBLEMS

International Congress on Children.—The third International Congress for the Welfare and Protection of Children was held in London, July 15-19. This congress was the continuation of a series inaugurated some years ago and held in Florence in 1896 and in Buda-Pesth in 1899, their object being, in the words of the founder, Commendatore A. Scander Levi, "to obtain that harmony which at present is wanting between the family, the school, the nation, and humanity.

In the three sections of the congress,—Medical, Legislative, and Educational and Philanthropic—the congress considered among other subjects the oral system of instruction for the deaf and dumb, the mentally defective, the physical training of children, the boarding out of children, industrial training, and the regulation of street occupations of children.

The president of the Medical Section, Sir James Crichton Browne, dwelt on the physical deterioration of the race, due not only to the present conditions of town life, to unhealthy homes and lack of air, but also to insufficient feeding and excessive physical toil in childhood, and to the employment of the mothers in factories. "The withdrawal of maternal supervision is a deplorable evil which must lead to waste of infant life." If this practice cannot at present be abolished, at least the evils may be lessened by the watchfulness of women sanitary inspectors and of infant life protection societies. Dealing next with the homes, Sir James Browne asked that they should at least be clean and light-flooded, and hoped much from the attention now being paid to "the removal of some town industries to the country, and to the provision of country homes for a certain percentage of town workers." The evil effect on the child of the excitement and unnatural conditions of town life is shown by the fact that, while the mortality from all other forms of tuberculosis has declined, that from tubercular meningitis has been on the increase for the last thirty years in childhood and youth, pointing to "excessive stimulation of the cerebral centres." All children affected by tuberculosis should be rigidly excluded from public schools, both for their own sake and that of their fellows, and their education should be carried on in special seaside homes.

There were several papers of interest on feeble-mindedness and epilepsy. Dr. Martin W. Barr, of the Pennsylvania Training School for Feeble-minded Children, insisted in the following language upon the impossibility of returning the moral imbecile to the world: "In custodial departments the moral imbecile finds the only home possible to him, and his shelter from crime and all its attendant penalties. . . . For hands once idle, a cunning intelligence truly satanic (the devil possessing the irresponsible), will surely devise some plan of ill. . . . Society is suffering quite as much from the irresponsible as from the criminal element in its midst. Indeed, is not criminology proving that this last is but a lower stage of degeneration? The moral imbecile, becoming brutish, suddenly, on occasion, betrays the fangs of the wolf or the

spring of the tiger, or, strained to tension, in an access of delusional insanity, commits first a deed which shocks the world and then walks in a state of ecstatic egotism to what he deems a martyr's death. How often it is proven that an innocent, careless fool can wreak more harm than a knave, who may be deterred by at least a cowardly fear of the consequences! None but those actually engaged in the work can comprehend the eccentricities, the vagaries, the thousand and one contradictions, and the infinite phases of abnormality that shade off and merge so as to render difficult even a broad diagnosis after months of careful observation."

Mr. C. S. Loch, in a paper on the "Relation of State and Parental Control," laid down the general principle that, subject to qualification according to the several groups of cases, guardianship should accompany maintenance.

Miss Mason, Senior Inspector of Boarded-out Children for the Local Government, while advocating boarding-out said that "those who urge boarding-out on a wholesale scale, and state that good homes are to be found everywhere and in large numbers, are either ignorant of country life or wilfully shut their eyes to facts."

Miss Ada Eliot, probation officer of the New York Charity Organization Society in the Court of Special Sessions, gave an account of the probation system which has now come into operation in many American states. This paper is printed in *Charities* of September 20.

The next International Congress will be held in Berlin in 1904.

The Fifth Canadian Conference of Charities and Correction, which was held in Hamilton, Ontario, September 24 to 26, proved to be the most successful gathering of the kind yet held in the Dominion, both in point of attendance, the character of the discussions and the general enthusiasm that prevailed. Over two hundred and fifty delegates registered, of whom nearly one hundred were from outside the city.

A noticeable feature of the conference was the constant recurrence on the part of speakers to the importance of child-training and home-building. In fact, there was hardly a paper or an address, whether on the subject of the criminal, the pauper, the insane, or the feeble-minded, that did not advocate as a remedy greater zeal and activity in looking after the children—not so much the taking of the child out of the improper home as the encouragement of parents to improve their conduct and safe-guard the child from evil influences.

There were the usual meetings, devoted to the treatment of criminals, insanity, and other aspects of charitable and correctional work.

The Minneapolis Convention of Employers and Employees.—The convention of employers and employees, called under the auspices of the Eight Hour League of Minneapolis, attracted many economists and industrial leaders to that city the last week in September.

In his opening address as chairman, President Cyrus Northrup, of the University of Minnesota, said that the watchword of the day is, or should be, "Brotherhood,—not merely of men who are engaged in the same kind of work, but of all men, rich or poor, employer and employee, all recognizing

the fact that they are children of the common Father and brothers by birth and by community of interests."

An address of welcome by Governor Van Sant, of Minnesota, was followed by a paper by Carroll D. Wright, United States Commissioner of Labor. Mr. Wright said in part: "Every great reform has been wrought by force. . . . War is still the factor, but only in the philosophical sense of conquest. The contest is for a higher plane of living. The question is not how to kill or remove the cause, but to soften the struggle. To this end many remedies have been suggested. . . . The Decalogue is as good a labor platform as any. In religion we find the highest form of solution yet offered. Next to religion comes constructive evolution, that evolution which believes in the potency of effort. The economic man is growing into the co-ordinate man. We are to have a new law of wages, grown out of the religious thought. The old struggle was for existence; the new struggle is for wider spiritual margin. The application of this religious idea is the true solution of the labor problem. The whole question must be placed on an altruistic basis."

The question of arbitration was taken up from many sides. Mr. F. W. Job, chairman of the Board of Arbitration for the State of Illinois, read a paper discussing it from the point of view of an arbitrator. He called attention to an amendment of the Illinois Arbitration Law. Where an industrial dispute occurs in which the public is affected with reference to food, fuel, light, or means of communication or transportation, or in any other respect, and neither party consents to submit the matter to the State Board, that body can proceed on its motion to make an investigation, issue subpoenas, compel the testimony of witnesses, and make public its findings with such recommendations as, in its judgment, will contribute to an equitable settlement. "Formerly," he said, "all the citizens of one of our suburbs might be compelled to walk to the city because of a labor trouble on traction lines, which the parties thereto would refuse to submit to us, and the board would be compelled to sit with folded hands. Now we proceed to investigate and find that public opinion invariably brings the guilty party to time. This is the nearest approach to compulsory arbitration found in any of the laws of the various states."

Mr. Herman Justi, commissioner of the Illinois Coal Operators' Association, said that no dignified plan of arbitration will ever be successful, until all wise and honorable means have been exhausted in devising a simpler, quicker, and equally fair method of settling the vast majority of such disputes as arise from day to day. One point in his address was the contention that all great departments of industry must have their department of labor if serious friction between labor and capital is to be fairly and wisely adjusted. "When we pause to reflect," said he, "is it not remarkable that all the departments of great business enterprises have their specially appointed heads to direct and to manage, with the exception of the department of labor? . . . This seems the more inexplicable and indefensible in view of the fact that when we reduce the whole problem of business competition to concrete form there

are only two propositions after all with which the business man has to deal: the price of labor and the rate of interest. . . . The law of supply and demand as applied to the human commodity is revolting to me, and that this law has been too rigorously applied in the past will go far to explain the wide breach between capital and labor. Though we must submit to the application of the law of supply and demand, it must not be with an utter disregard of the rights, feelings, and well-being of our fellow-man."

"Is Compulsory Arbitration Inevitable?" was the question discussed by Dr. John Bates Clark, professor of economics in Columbia University, New York City. He showed how, with the development of the present industrial organization, the burden of strikes increasingly falls on the general body of working people, who are the largest and most sensitive part of the consuming public. "The working of the natural law of wages," said he, "requires that, if capital acts in masses, labor shall do the same. With workmen only partially organized, the situation may still be one-sided, for it may be possible for a great corporation to gather a force of idle men from remote parts of the country and use them to break a strike. What a trade union can compel an employer to pay is thus partly governed by what idle men here and there are willing temporarily to accept, and that may be an amount which by no means represents their entire earning power. . . . If the plan (for fixing the reward of labor) by contract between employer and employee is to continue at all, the state must choose whether it will, or will not, give some recognition to the claim of organized laborers to their tenure of place. If it denies this right, strike-breaking should go on under the protection of the state, and without hindrance from any other power. If it recognizes the right, the state is the only agency that can properly enforce it. The state must say when a body of workers may be thrust away from the mills, the mines, or the railroads where they have been working in order that a new body of men may be put in their places. There are considerable grounds on which it might be right to thrust them out. . . . This is the essence of the only compulsory arbitration that I am willing to recognize as practicable. . . . Letting the present semi-anarchism continue and increase would be thought of only if there were no way of avoiding it. There is one way only of avoiding it, and that is to create competent tribunals which shall declare on what terms the workingmen now in a given industry may keep their places in preference to other men, and on what conditions the other men may be allowed to come in under guarantees that they will make them safe. . . . If law is to rule and if democracy is to succeed and become permanent, if our country is to be rich, contented, and fraternal, and is to have its vast strength available in the contest for the prizes of a world-wide commerce, some system of authoritative arbitration is inevitable."

Professor Frank L. McVey, of the University of Minnesota, president of the Associated Charities of Minneapolis, described the economic effect of the eight-hour day:

"As a means of solving the unemployed problem the eight-hour day has no value except as it abolishes overtime and all its kindred evils. The phe-

nomenon of non-employment is due in a large measure to sickness, shiftlessness of individual laborers, and the fluctuations of commercial credit resulting in the closing of mills and the discharge of workers. Upon the first two the eight-hour day has no visible effect; upon the third, by the abolishment of overtime, it may have a most important bearing. Employment and production would be rendered more stable, and periods of non-employment and overtime would be arranged by continuous employment of the worker. . . .

"The eight-hour day will secure larger contentment and cheerfulness for the working people of the world. The economic value of this gift is yet to be appreciated, but there can be no doubt of its great productive power when applied to industry. Under its influence the old rate of daily production will be maintained, and little or no change will result in the long run in the effects upon wages, profits, the unemployed, and foreign commerce."

President A. B. Stickney, of the Chicago Great Western Railroad, spoke upon "The Rewards of Industry: How Produced and How Divided." He was followed by Miss Jane Addams, of Hull House, Chicago, whose subject was, "The Social Waste of Child Labor." Zest was lent the session when Miss Addams made an impromptu challenge of several of President Stickney's statements. Mr. Stickney is quoted as saying that the sole object of labor organizations was to help the wage-earner in securing a fair division of the fruits of his labor; in other words, to secure for him fair wages. Miss Addams replied that the chief aim of labor organizations in the past had been, not to secure higher wages, but better hours of work; and she quoted government reports to prove it. Mr. Stickney said the trouble in the anthracite coal fields arose from the fact that more workmen had been attracted there by the high wages paid than were needed to do the work; that the supply of labor was largely in excess of the demand. Again Miss Addams replied that the men had not gone there because of high wages, but had been induced to go through the efforts of the operators themselves whom she held responsible for existing conditions, saying that they had deliberately brought men into the fields with the idea of increasing the supply of labor and thus diminishing its cost.

The chief feature scheduled on the program for the concluding day of the convention—an address by President Roosevelt—was removed by the forced abandonment of the President's trip through the Northwest. Professor Charles Zeublin, of the University of Chicago, gave the paper of the morning on "The Relation of the Public to Capital and Labor." In it he said that the public is interested in industry because:

1. Consumption is the root of all production.
2. The captain of industry is indirectly the agent of society.
3. The workingman's standard of living determines the character of our civilization.
4. The public may be compelled to assume certain industries for the proper satisfaction of human wants.

"More important," Professor Zeublin added, "than the standard of living of employees is the provision for the higher life of the citizen, made possible

by the extension of public functions. As there is a multiplication of public schools, libraries, museums, parks, playgrounds, public baths, improved supplies of water and light, better transportation and other public facilities, the life of the community is enriched."

Other speakers at the sessions were: Mr. James C. Kellar, president of the National Association of Letter Carriers; Mr. Julian D. Wright, of the National Cash Register Company, Dayton, O.; Dr. William H. Tolman, of the American Institute of Social Service, New York; Colonel James Kilburne, Columbus; Mr. E. Sutro, Philadelphia; Mr. W. D. Wiman, Moline, Ill.; Miss Elizabeth C. Wheeler, Providence, R. I.; Mrs. Florence Kelley, secretary of the National Consumers' League, New York, and Mr. W. C. McEwen, of the Minnesota Federation of Labor.

E. F. Clark, of Cedar Rapids, Professor Frank L. McVey, of the University of Minnesota, and W. D. Wiman, of Moline, Ill., were named as a committee to consider the question of permanent organization.

Model Tenements.—The City and Suburban Homes Company of New York City now has more than \$2,300,000 invested chiefly in model tenements in the city. During the year covered by its latest annual report, the earnings permitted dividends of 4 per cent. The company's report indicates that working people appreciate better housing conditions.

The buildings first erected by the company were opened a little over four years ago. According to the report, more than one-fifth of the total number of tenants have been living in the buildings during the whole of this time, and another fifth have been tenants between two and three years. The vital statistics of these buildings for the past year show that the general health of the occupants was excellent.

Tenements for colored people on West Sixty-second street have been completed. One interesting and unexpected development is the large demand for two-room apartments. The general supply of such apartments is unequal to the demand which comes especially from young married people and from elderly persons whose children have grown up and left them.

A Lower Death Rate for Foundlings.—In view of the universally high death rate in foundling asylums, the experiment conducted for the past four years by a Joint Committee of the New York State Charities Aid Association and the Association for Improving the Condition of the Poor on the care of motherless infants, has a value quite out of proportion to the actual number of children that have come under the care of the committee. In its fourth year the committee actually cared for one hundred and twelve children, of whom forty-five were placed in free homes, two were returned to their parents, twelve died, and fifty-three at the end of the year were boarding in families under the care of the Joint Committee.

The children for whom the responsibility is assumed by this committee, under earlier arrangements would have remained in an infants' hospital conducted by the Department of Public Charities. At the time when the work was inaugurated, the death rate in that institution was over ninety-seven per

cent. The mortality among the foundlings boarded in families under the care of this committee for the past four years has been as follows:

	Mortality Per cent.
During year ending March 31, 1899.....	55.9
During year ending March 31, 1900.....	31.1
During year ending March 31, 1901.....	18.9
During year ending March 31, 1902.....	10.7

"The mortality among these children," says the report, "notwithstanding all the unfavorable circumstances of their condition before coming into our care, has been reduced to a rate which is lower, according to the statistics of the Board of Health, than the rate of mortality (13 per cent) among all children under two years of age in the Borough of Manhattan.

"The decrease of the mortality in the second and third years of the work was largely due to the very general employment of wet nurses for the younger and weaker babies. The remarkable further reduction which has been secured during the fourth year is largely due, we believe, to the fact that, with one exception, all the babies have been turned over to the committee as soon as received at Bellevue Hospital—no child remaining in the hospital over twenty-four hours—instead of being transferred from Bellevue to Randall's Island, and there discharged to the committee."

The question has been raised whether the experiment of boarding foundling children in families has now been carried sufficiently far by the two private societies to demonstrate fully its value and to place upon the Department of Public Charities the responsibility of assuming its entire management and financial support.

Care of Dipsomaniacs in Iowa.—The State Board of Control of Iowa has established a department for dipsomaniacs, inebriates, and persons addicted to the excessive use of narcotics, in one of the state hospitals for the insane. A bill was passed by the recent legislature authorizing such action on the part of the board. The examination, trial, and commitment of those eligible to the institution are to be governed by the same statutes as now apply to the examination and commitment of incorrigibles to the state industrial school, and will be conducted by the district court. The term of detention and treatment must be for the first commitment not less than one nor more than five years. The superintendent of the institution may, however, parole a patient on conditions prescribed by law. The expense of trial, and treatment of such persons as are committed to the institution are to be borne and paid in the same manner and out of the same fund as the expenses of insane patients, and the estates of such patients are liable therefor to the same extent as in the case of insane persons.

Finances of the Baron de Hirsch Fund.—The *Jewish World*, a daily newspaper of New York City, has published the first authorized financial statement from the Baron de Hirsch Fund. It is for the year 1901, and gives details of the geographical distribution of the expenditures and of the pur-

poses for which they have been made. The total expenditure was \$2,019,579.30, one-eighth of which was provided by the use of capital, seven-eighths by interest.

The statement does not set forth the principles on which the funds are distributed, but it gives a fair idea of the methods which the trustees have thought likely to prove most effective in relieving the hardships suffered by persecuted Jews.

"In distributing their attention, the trustees have adopted the tolerably obvious policy of directing their energies to the quarters where the economic condition of the Jews is most in need of relief—Russia, Roumania, Galicia."

The Burke Foundation.—One of the most notable recent foundations for relief purposes is that which has recently been incorporated in New York state under the name of the Winnifred Masterson Burke Relief Foundation. Mr. John M. Burke, a modest citizen of New York City, comparatively unknown in industrial and financial circles, notwithstanding his large wealth, has celebrated his eightieth birthday by making over to the following trustees property valued at about \$4,000,000: Abram S. Hewitt, William Hubbard White, Edward M. Shepard, Frank K. Sturgis and John M. Burke. It is to be used for the establishment of a convalescent hospital and the relief of persons who have been self-supporting, but who, through illness or accident, are brought into financial straits, and to provide temporarily for the necessities of the families of such persons when the bread-winner is thus disabled.

The language of the trust deed concerning the objects of the fund is as follows:

"The benefits of the foundation shall be reserved for intelligent and respectable men and women, who in consequence of sickness or discharge from hospitals before they have regained strength sufficient to earn their livelihood, or in consequence of other misfortune may be in need of temporary assistance." It is further provided that "the fund shall be used in such way as not to increase, but to prevent, the growth of poverty, the chief purpose of the founder being to help those who give or have given evidence of being willing to help themselves."

Mr. Hewitt has announced that the trustees are to "associate with themselves a committee on plan and scope, so that when the income of the fund shall be available the operations may be undertaken in such way as will best carry into effect the purposes of the founder upon a scale commensurate with the magnitude of the endowment." Wide discretion has been left to the trustees as to the details of the plan by which these munificent purposes are to be carried out.

The need of additional provisions for convalescent patients is one to which attention has repeatedly been called in the annual reports of the Charity Organization Society. That portion of the fund which will remain free for the relief of the families of those who are disabled by accident or illness, may also prove to be of inestimable public benefit. In the newspaper discussion of the subject perhaps unnecessary emphasis has been placed upon the donor's wish expressed in the deed of trust that the methods to be used in dispensing

his bounty shall be as expeditious as is consistent with propriety. This is likewise the earnest desire of the donors to all other relief funds and of the managers and agents of existing relief societies. To be as expeditious as possible and at the same time to use methods consistent with propriety is, however, by no means a simple task. The greatest embarrassment will arise, not in selecting agents who can be expeditious, but in finding such as have sound and expert judgment in the selection of beneficiaries, and in the giving of aid in such a way as "not to increase, but to prevent the growth of poverty."

The Parole System in France.—The most recent reports show that the conditional liberation of prisoners in France which corresponds to what is known as the parole law in this country is working satisfactorily. In the year 1899, 1,804 have been released on parole, and in 1900, 1,602. In the course of these two years the number returned for violation of parole had been sixty-four in the year 1899 and seventy-one in 1900. The *Revue Penitentiaire* of Paris regrets that so many are not subjects for the parole law because they are sentenced for too short a period to be subject to its provisions, but the responsibility for this rests not upon prison administration, but upon the courts. The efficiency of the parole law in France is greatly increased by the co-operation of prisoners' aid societies, which exert themselves to find work for those committed to their care.

The First Russian Prison Congress.—The Russian government has shown an interest for a good many years in penological matters and in the improvement of its prison system. This is shown by its representation for twenty-five years upon the International Prison Commission, and by its succession of reforms in its prison administration. A new step in advance has been taken in the organization of a Russian National Prison Congress, composed exclusively of directors and inspectors of Russian prisons from all parts of the Empire. It was opened on the twenty-fourth of March and was devoted specially to the subject of prison labor. The Minister of Justice, Nicholas Mouravief, opened the congress by a discourse in which he emphasized the great advantages to be derived from the development of personal relations and the interchange of ideas among Russian prison officials. Then passing to the subject of prison labor he said its necessity rested not merely upon scientific exposition, but upon the educational and reformatory influence of well-directed labor upon those of weak will and depraved sentiments. It was hardly necessary to show that work or the aptitude for work constituted the best preservative against idleness and weakness, the two principal causes of crime. That labor which guarantees to the prisoner remuneration during his detention and awakens the hope that he may earn his living after leaving it, strengthens his moral courage and fortifies him against temptation. In Russia the great majority of prisoners belong to the peasant class and are rather cultivators of the soil than factory laborers. The product of Russian prison labor has steadily increased in value. In 1887 it was 539,000 roubles. In 1900, 1,500,000 roubles. "In Russia," said the Minister of Justice, "in its present economic condition, there is no fear of any disastrous competition

between free labor and prison labor, a subject of importance which was greatly exaggerated in European discussion.

"We are in a condition to develop among us prison labor in perfect security, confining ourselves to the application where it may be necessary of measures for reconciling the interest of the prison with the general condition of the market, and forbidding any violent collision with free labor. These measures will be limited to a choice of the trades followed in prisons, the fixing of the price of goods manufactured, to the means of production and of sale, the selection of foremen to direct the work, as well as to other questions of penitentiary control. M. Mouravief said that the idea that a prison without work is more harmful than useful has not yet been sufficiently rooted in the minds of prison administrators. The influence of work upon the diminution of recidivism has not been sufficiently studied."

The International Prison Commission.—The above notes concerning the parole law in France and the First Russian Prison Congress are contributed by Mr. Samuel J. Barrows, corresponding secretary of the Prison Association of New York. Mr. Barrows was the official representative of the United States government in the International Prison Commission, which met at Berne, Switzerland, August 25. This commission is the executive arm of the International Prison Congress. It is composed of one member from each of fifteen different nations appointed by the government. The object of the meeting in August was to prepare a program for the next International Congress, which will be held in Budapest in 1895.

III. NOTES ON COLONIES AND COLONIAL GOVERNMENT

Porto Rico.—*Recent Progress of Public Schools and Highways.*—In pursuance of the plan of presenting, with each issue of *THE ANNALS*, some definite problems or features of our colonial policy, there has been chosen for the present number a discussion of two fundamental questions of Porto Rican administration, the school system and the new plan of highway construction and maintenance, upon both of which so much of the future prosperity of the island depends. Hon. Samuel M. Lindsay, the Commissioner of Education, and A. Stierle, Esq., the Superintendent of Public Works, have kindly contributed to *THE ANNALS* an authoritative discussion of the work of their respective departments.

The School System of Porto Rico.—There is a good American system of schools of primary, secondary and grammar grades in every municipality in the island, one high school in San Juan, and a Normal School for the training of teachers, all in successful operation under a general school law enacted by the Insular legislature the provisions of which are for the most part eminently wise and practical. The elementary schools cannot yet be compared, of course, in their every-day output of work with the best city schools of the same grade in the states, but when contrasted with the schools under the Spanish régime, the improvement is little less than marvelous. The territory of the whole island is divided into sixty-six legally constituted municipalities which include urban and rural districts. These are grouped into sixteen school districts, to one of which the neighboring islands of Vieques and Culebra are added. At the end of the last school year (June 21, 1901), there were 733 schools open, comprising 33,802 pupils enrolled, with 768 teachers, which was an increase for that year of 20 per cent in the number of schools, 37 per cent in the number of pupils and 21.5 per cent in the number of teachers. The scholastic year 1901-02 began on September 30, 1901, with 786 schools open, 32,302 pupils enrolled and 829 teachers; and on June 20, 1902, there were 874 schools open with 40,993 pupils enrolled, and with 911 teachers, which is a material increase as compared with the close of the last school year. Compared with the beginning of this school year full reports at the end of the fifth month show an increase of 12.3 per cent in the number of schools open, 28.9 per cent in the number of pupils enrolled, and 5.6 per cent in the number of teachers employed.

These figures show that under American civil government we have nearly doubled the educational advantages offered free to the masses of the people as compared with the maximum facilities provided by the Spanish Government. A comparison of statistics of the number of schools open in the various municipalities of the island at the close of the last calendar year preceding the American occupation and those open now, including special schools (night schools, high schools and kindergartens, not enumerated above) shows that on December 31, 1897, there were 538 such schools, while on February 21, 1902, there were 939.

The total number of pupils enrolled December 31, 1897, is reported at 22,205 as compared with 40,993 on June 20, 1902. This statistical comparison is more than generous to the Spanish system, because the schools they did have were not entirely free. All pupils able to pay were required to do so and the fees thus received went direct to the teachers as a perquisite and supplement to salary, and we may therefore be sure that all were required to pay who could. The work done under the Spanish school system was scarcely worthy of a school. There was no uniform course of study, no attempt at rules, regulations or order; no thought of the rights of the child, no endeavor to apply pedagogical principles nor to furnish teachers with an adequate equipment for their work. A rural teacher lived with his family in the school house and did as he pleased with his pupils, frequently not teaching them at all himself, but hiring a substitute or delegating one of the older and brighter pupils to teach under his general instruction while he drew his salary and sometimes absented himself from school for considerable periods. There were but two school supervisors for the entire island and they made only one visit a year to each school, chiefly for the purpose of examining the pupils in the catechism and doctrines of the Roman Catholic Church. We now have a graded course of study which is followed as far as possible by all teachers, even by those teaching in the ungraded rural schools; the best books and supplies the government can get are furnished free and there are sixteen school supervisors who are required to visit each school in their district at least once a month. They confer and correspond with their teachers at more frequent intervals and report in writing to the department several times a week on various questions relating to the schools. Mr. E. C. Hernández, the present chief clerk of the Department of Education and formerly secretary of the Insular Board of Education, himself a scholarly investigator of educational questions and an able text-book writer, prepared a comprehensive report on the history of the school system of the island under Spanish rule. It was printed as part of a document entitled, "Education in Porto Rico," prepared in response to a resolution of the United States Senate of April 12, 1900 (Fifty-sixth Congress, 1 Session, Senate Document 363, Washington, 1900), and should be consulted by those who care to carry these comparisons farther.

Resuming the discussion of our present school system, we should note that while 40,993 pupils were reported as enrolled and in attendance at the end of June, we had enrolled during the school year 59,096 pupils. How much still remains to be done is readily seen from the statement that only 4.19 per cent of the population was in attendance at the schools, while in the United States, the Commissioner of Education at Washington, Dr. Harris, reported for the year ending June 30, 1901, that about 21 per cent of the total population attend some public school supported by the taxes of the state or municipality.

School Building and Equipment.—Spain left no legacy of school buildings. In November, 1900, the President of the United States made an allotment of \$200,000 for school extension to which amount was subsequently added,

by the Governor of Porto Rico from the trust funds placed at his disposal by the President of the United States, two allotments, one of \$15,000 for general school extension, and one of \$35,000 for the erection of an Insular Normal School. From the total allotments made prior to May 1, 1902, for school extension, amounting to \$250,000, we have completed one large Normal School building and thirty-eight public school buildings, of which all are occupied but three, which will be ready before the opening of the next school year; and we have a balance of about \$25,000 with which it is intended to build and equip an Industrial School in the city of Ponce during the coming summer, which will make a total of forty public buildings equipped with modern school furniture, with accommodations for nearly 6,000 pupils at a cost of \$250,000. In view of the high cost of building material, much of which has to be brought from the States, the scarcity of mechanics able to do the grade of work demanded on most of these buildings, and the enormous expense of transporting workmen and materials from the coast to the interior districts of the island, this result could only have been secured by economy and prudent management and I believe that the people of Porto Rico have got large value from the expenditure for schools of the trust funds so generously donated by the people of the United States.

Recognizing the urgent need for a continuation of this work of school extension, the governor and heads of executive departments, in whose hands the trust fund allotted by the President of the United States has been placed, consented upon my recommendation on April 30 to the use of the further sum of \$150,000 for school buildings. Eighty-five thousand dollars was immediately allotted, \$21,000 of which is for a model six-room brick graded school and a two-story frame principal's residence, as part of the Insular Normal School at Río Piedras. Twenty thousand dollars, or so much thereof as may be necessary, is to be used in the construction of twelve agricultural or rural schools. Forty-four thousand dollars for the erection of graded school buildings on a new plan by which the municipalities in which the buildings are erected will be required to give the ground and pay one-half of the cost of the building. The balance of the \$150,000, after the \$85,000 allotted on or about May 1 is expended, should be made available for the erection of graded school buildings in accordance with the plan just mentioned. In recommending this plan I felt that the trust fund would be exhausted long before the most imperative needs for school buildings could be met, unless we could begin to capitalize the "object lessons" of the first school houses erected by the Insular Government and induce the municipalities to tax themselves for this purpose. I had previously secured as one of my legislative acts the passage of a bill giving the municipalities the right to levy a special school tax not exceeding one-tenth of 1 per cent on all personal and real property, to be turned over direct to the local school boards and to be used exclusively for school purposes. At the same time another law was passed raising the minimum per cent of all taxes which the municipalities were required to turn over to the school boards for school purposes from 10 per cent to 15 per cent. Thus the school boards should find themselves from

now on much better able to cope with their financial difficulties. The moment seemed opportune therefore to suggest that while the Insular Government might continue to build rural school houses in the poorer and most needy districts, henceforth in the larger towns and more prosperous districts graded school buildings would be constructed only where the municipality agreed to furnish the ground and pay half the cost of construction. To make it possible for the municipalities to accept this offer in cases where the funds were not immediately available, or to enable them in some cases to distribute the burden of their share, the Department of Education has offered to erect the building as usual and pay the entire cost and allow the municipality to pay its share in monthly installments, to be withheld by the treasurer of Porto Rico, from the taxes collected by him for the municipality. These advances will be made without interest. The plan has worked well, and several municipalities, within one month since it was announced, have already passed the necessary resolutions to avail themselves of this offer.

Types of Schools.—The conditions in Porto Rico demand that we should have at least three distinct types or groups of schools if the system of public education is intended to meet with any degree of completeness the educational needs of the island.

The first type or group of schools is that designed for purposes of general education. The object of these schools is to reduce the amount of illiteracy. This work can be carried just as far as the public desires to maintain it as a part of the public school system. It may take pupils from the graded schools to a high school course, into the college, and through the college to the university. We have now provided for a course of study running through eight years of graded work, the final examinations in which will admit to any high school in Porto Rico, and the legislature has provided for the establishment of four high schools, well distributed geographically, to be located at San Juan, Mayaguez, Ponce and Fajardo, in which the work of these pupils can be carried on to the point at which they will be ready for admission to the average American college. One of these high schools is already in operation at the present time, namely, that at San Juan, and at least one more will be in operation during the next school year; and two years hence we shall have pupils enough ready for this work to maintain a complete four-year high school course at San Juan, and a two-year course at Ponce, and to have at least the first year of high school work in successful operation at Mayaguez and Fajardo. In time there will be enough pupils prepared in our own schools ready for college, in addition to a number of young persons in Porto Rico who have secured their preparation elsewhere, who will be ready for college, to justify the establishment of a college academic course. The literary ambitions of the people are marked, and the demand for the establishment of an institution of college grade, which in time would lead to the development of a great Antillean university as a part of the public school system of Porto Rico, is likely to increase as the years go on. We should not be blind to the development of the distant future while absorbed in the more pressing demands of the immediate present. While for many

years to come the needs of the great masses for the most elementary forms of education will be so great as to preclude the judicious expenditure of public money for the vastly more costly types of higher education, open necessarily only to the few, the suggestion which has frequently been made looking to the establishment of a Porto Rican college or university is one that should be encouraged and for which plans should be made years in advance. Institutions of higher learning, which would draw to Porto Rico students from all the South American Spanish-speaking countries and enable them to receive their professional as well as their cultural training for positions of large usefulness in public life in an American college, where the experiment of combining the Anglo-Saxon and Latin races under American and Spanish institutions, and of the assimilation of the best in both, is being made, would constitute a powerful and potent influence in the extension of American principles and ideals.

The second type should be a school especially designed to meet the needs of the rural and agricultural population of the island. It should begin with the agricultural rural schools furnishing instruction in the elementary branches of a general education, but not designed to start the pupils on a course which in its highest development would lead into the ordinary college or university, but rather to the agricultural and mechanical college providing a training in practical and applied science.

The third type is the industrial and trade school for the introduction of which we have just begun to plan. These schools should be established in the larger cities and have every equipment that is needed to give a good elementary education and a special training or preparation for one of a half dozen or more important trades.

The work of all three types of schools would naturally develop into a harmonious system in which there would be an interplay of activity and influence between the three divisions of work just outlined. The industrial and mechanical schools would encourage and foster the introduction of manual training in the ordinary day school, and the work of the agricultural rural schools would naturally encourage nature-study and other useful and neglected forms of general education in the regular day school, while the day school and the high school should maintain and foster in both the agricultural and industrial schools a high standard of general education and culture.

In addition to these three types of schools there is in our educational system to-day, and there will ever be need for, a fourth group of special schools designed to meet special needs. Thus at present we are maintaining night schools, schools for the training of nurses, and a school of drawing and painting.

Imperative Needs.—In the brief survey given above, based as it is upon incomplete statistics for the year, only the more essential features of the school work in Porto Rico have been touched upon. From these, however, it will be seen that there are many signs of progress. The general result is a tribute to the efficacy of the American free public school and it is no less a tribute to the intelligence and the noble aspirations of the Porto Rican people.

First of all we need more schools. We have 50,000 children now in school. There must be at least 350,000 children of school age in the island at the present time. Of these, possibly 50,000 would be inevitably deprived by good reasons from availing themselves of the advantages of the public school. We probably have, however, at least 300,000 children who ought to be in school, and of these we have at present only one-sixth enrolled. Nearly all of our schools have long waiting lists of the names of those being urged by anxious parents for a place as soon as a vacancy occurs. Two hundred and fifty thousand children out of school who should be in school is a serious problem and should weigh heavily upon the public conscience. To furnish school equipment for all of these children would require an expenditure of nearly \$3,000,000 annually, a sum exceeding the total revenues of the island by 50 per cent. We increased last year the budget of the Department of Education by \$32,000, making the present budget about \$532,000. This budget should be increased next year to \$650,000 as a minimum. This is probably all that the Insular legislature can do. It will then have dealt more generously with its public schools, in proportion to its ability, than probably any other community under the American flag. Where any additional help is to come from I do not know, but I do know that in addition to all that the legislature can do we should have for use next year at least one hundred additional American teachers and that all of these, together with the American teachers now here, should be paid a minimum annual salary averaging \$600, the increase to be an offset for the cost of transportation to and from the states, which was formerly furnished by the government. For this item we need \$70,000.

Second, for the buildings and equipments of three industrial schools we need, in addition to what the Insular Government has provided the sum of \$100,000.

Third, we need immediately an agricultural and mechanical department in the Insular Normal School, the equipment of which for the first year would cost \$50,000.

Fourth, we should have as soon as possible, at least one hundred new rural and agricultural school buildings with equipment, to be located in the most needy and backward parts of the island. This item would cost \$200,000.

Fifth, we need for our graded schools in towns and cities immediately at least 20,000 new school desks and other school appliances and apparatus, which would cost about \$75,000.¹

PARTIAL SUMMARY OF SCHOOL STATISTICS FOR PORTO RICO

Average Number of Schools Open from September 30, 1901, to June 20, 1902

Boys	81
Girls	43
Mixed	733
<hr/>	
Total	857

¹ Contributed by H. n. Samuel McCune Lindsay, Commissioner of Education of Porto Rico.

Average Number of Buildings in Use for Schools

Town	124
Rural	477
Total	601

Average Number of Teachers Employed

White, males	553
White, females	288
Colored, males	39
Colored, females	31
Total	911

Of which ninety-six were Americans.

Average Number of Pupils in Attendance

White, males	17,649
White, females	10,486
Colored, males	6,859
Colored, females	4,510
Total	39,504

Percentage of total population in attendance 4.10.

Road Construction.—The work of the Bureau of Public Works was carried on until March 1, 1902, under the old organization as a board. Since that date the board has been abolished, by special act of the legislature, and a Bureau of Public Works created, which in spirit, organization and method of doing business conforms more to the changes and requirements made necessary by the enforcement of the Foraker law. At the same time were enacted two other important laws which affect the work of the bureau: a county road law based upon the division of the island into counties, and the regulations referring to the police of highways. The latter was immediately promulgated; the former still awaits the preliminary steps to be taken by the new county authorities.

The work of the bureau is at present subdivided into three divisions: (1) Roads and Bridges; (2) Public Buildings and Grounds, and (3) Franchises. Except in the buildings division, all employees are more or less assigned to one work or another, as occasion arises, and official titles and prerogatives have lost much of their former glory. The disbursements made during the past year amounted to over \$600,000.

Roads and Bridges.—This division constitutes at present the most important one of the bureau, performs the largest amount of work and consequently

sustains the heaviest expenditures. It is subdivided into: (1) Maintenance of roads; (2) Construction of new and reconstruction of old and unfinished roads; (3) Surveys and examinations for new roads and bridge sites.

Numerically, the personnel pertaining to this division has been during the past year exceptionally large, principally on account of the many surveying parties in the field and the extensive repair and construction work on roads which has been done by means of day labor. Besides the regular road force on maintenance, which consists of road supervisors, overseers, foremen, sectionmen and laborers, there were employed ten assistant engineers on surveys and construction work, each one of which had for assistants about four instrument men who, when necessary, act also as inspectors. On the repairs of old roads were employed on an average eleven temporary overseers, men of experience who organized their working forces in accordance with the needs of the moment. It is estimated that during the past year no less than 20,000 men, exclusive of the regular force, have found employment on road-work as laborers, not to mention the thousands employed by road contractors.

The assistant superintendent exercises special supervision over surveys and the reconstruction and repair of old roads, and those in local charge report directly to him. The road supervisors on maintenance, of whom one is located in San Juan and one in Ponce, and the assistant engineers in local charge of new work, who are individually held responsible for the proper execution of work assigned them, report directly to headquarters. Under the present organization the services of the road supervisors and the force under them are needed throughout the year; those of the assistant engineers and their subordinates are temporary and special for the work in hand.

Maintenance of Roads.—The total number of kilometres of macadam roads maintained and taken care of by the bureau during the past year is 424.10; of which 381 were maintained by the regular force, and 43.10 kilometres by extra gangs of men in charge of special overseers when more than ordinary care was required on account of the incomplete and new state of the works.

There are now under maintenance by the bureau, a total of 424.1 kilometres of which 284.1 kilometres were constructed by the Spanish Government and 140 kilometres by the Americans.

The heavy and persistent rains during the last year have seriously interfered with the work undertaken by the contractors, and it was not until the dry spell of January and February gave a better opportunity to push the work that satisfactory progress was made.

Considering the prices paid for stone during previous years, those paid the past fiscal year are comparatively low and were rather surprising in view of the exorbitant prices asked two years ago at the time the money basis was suddenly changed. It is an indication that economic conditions are resuming a more natural basis. There was a great deficiency in road-building tools and machinery, particularly in road rollers. Those on hand were principally of old-fashioned patterns and too light, having been made of rollers formerly used for crushing sugar cane and very small in diameter,

whose efficiency was very little increased by the addition of a wooden box filled with stone.

Eight large and modern horse road rollers were purchased at wholesale prices of American contractors who were leaving the island. These were principally required, however, for work on new roads. Two additional steam rollers were obtained from the United States and were specially assigned for work on the San Juan-Ponce road, upon which at the end of the fiscal year three steam rollers, including the one purchased the previous year, were at work. Besides these three, another steam roller belonging to private parties, has been rented from them and has been at work on the Arecibo-Ponce road, near Arecibo, since April last. The great advantage in every way of steam rollers over those drawn, as heretofore, by oxen, has become more and more apparent, and it is contemplated to continue their introduction and to augment their number until their distribution is so adjusted that each one can be kept steadily at work throughout the year on the principal roads of the island.

The number of cubic metres of broken stone placed upon the roads by the regular force during the year was 25,672, of which 17,402 cubic metres were placed in the North division and 8,270 cubic metres in the South division. Including hauling and spreading stone and screenings, and sprinkling and rolling the same, the average cost of placing one cubic metre was sixty-two cents; or, adding the average cost of the stone, \$2.25 in all. The cost of labor being about the same throughout the island, except in the vicinity of San Juan, the final cost is largely determined by the charges for hauling, ox-team hire and the price for stone, the latter depending greatly upon the accessibility of the quarries, their distance from the point of delivery, and the quality and the hardness of the stone to be broken. It is expected that the primitive methods still obtaining in producing macadam and in transporting it will soon be eliminated by the introduction of modern plants, such as stone crushers and portable tracks, as used elsewhere, which would undoubtedly reduce the unit price. To encourage such a change, however, and to compensate for the first outlay in comparatively expensive machinery it would be advisable to make one contract annually for all the stone required instead of letting it in small blocks as has been heretofore customary.

Besides the placing of new macadam and the varied minor routine work done by the regular road force in the maintenance of roads, its labor was much increased the past year by the removal of the many landslides which have taken place on the older roads during the unusually protracted periods of heavy rain which prevailed in August, September, October, November and December, 1901, and during April, May and June of this year.

The law regarding the protection and guarding of roads heretofore in force was amended in a few unimportant points by the last legislature. The principal change made refers to the presentation of complaints and the collection of fines: the former are to be made hereafter before the police judges instead of before an *alcade*, the latter are to be imposed in accordance with the new penal code. This method is much simpler than the former one was by

which the accuser received one-third of the fines collected, the alcalde another third, and the remaining third was held and deposited in a fund reserved for the improvement of roads.

In reference to the comparatively high cost of maintaining the roads, it is believed that after the present extensive and unusual repairs made necessary by neglect dating back to the war are finished, and the general condition of the roads has assumed a more normal aspect, their maintenance will be less expensive to the government if executed by contracts covering a series of years. With rigid specifications and by the exercise of a constant and intelligent inspection, the result would be more satisfactory than now.⁷

⁷ Contributed by A. Stierle, Superintendent of Public Works

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ABBREVIATIONS.—In the Index the following abbreviations have been used: *paper*, principal paper by the person named; *comm.*, communication by the person named; *p. n.*, personal note on the person named; *b.*, review of book of which the person named is the author; *n.*, note by the person named; *r.*, review by the person named.

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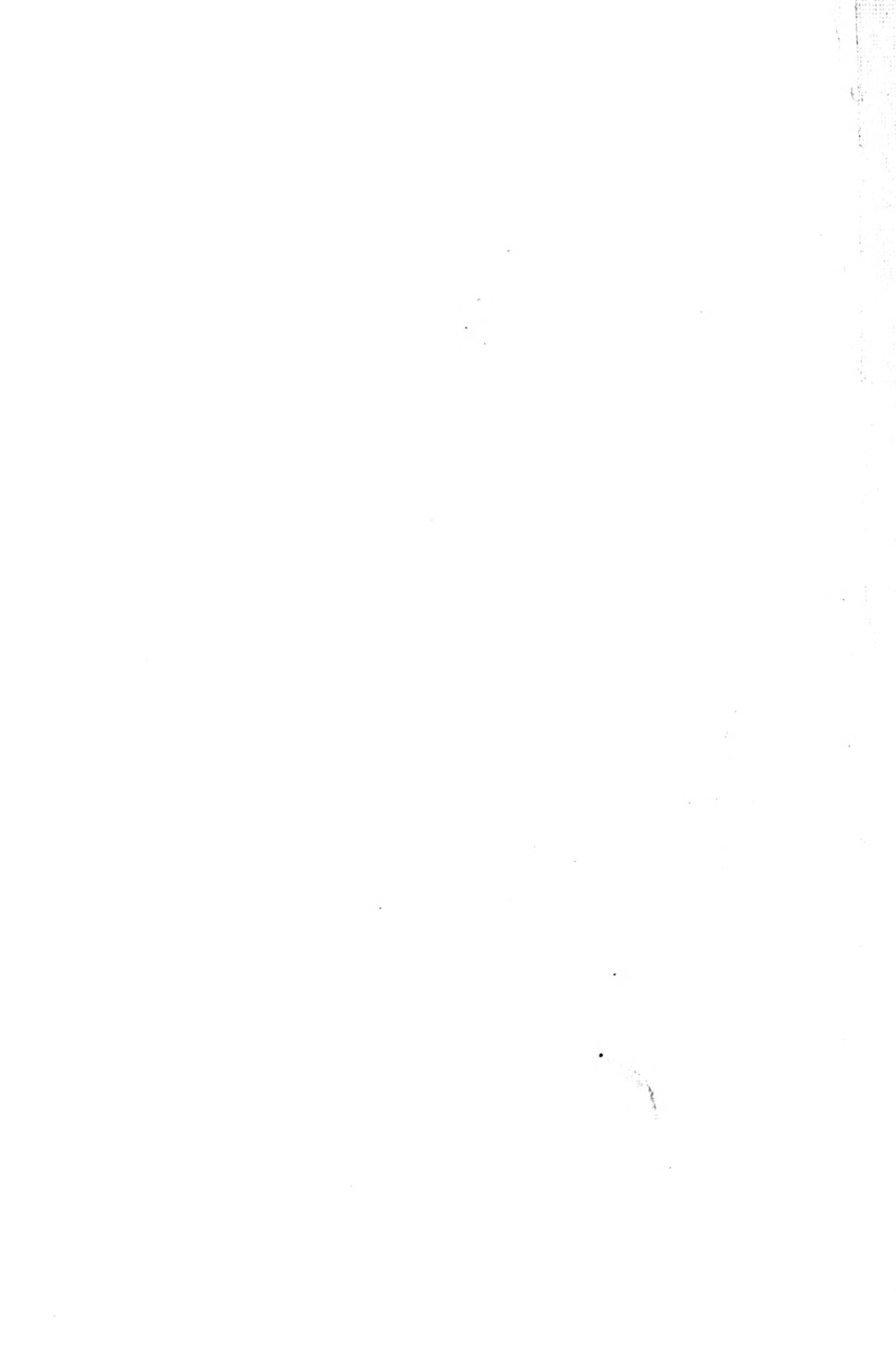
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